

CHAPTER 3

AUTOMOBILE INSURANCE

Authority

N.J.S.A. 17:1C-6(e) and 17:1-8.1.

Source and Effective Date

R.2001 d.44, effective January 4, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Executive Order No. 66(1978) Expiration Date

Chapter 3, Automobile Insurance, expires on January 4, 2006.

Chapter Historical Note

Chapter 3, New Jersey Automobile Insurance Plan, was adopted as R.1972 d.20, effective January 31, 1972. See: 3 N.J.R. 223(d), 4 N.J.R. 49(d).

Subchapter 7, Automobile Repair Reform Act, was adopted as R.1972 d.244, effective December 4, 1972. See: 4 N.J.R. 270(a), 5 N.J.R. 13(c).

Subchapter 10, Auto Physical Damage Claims, was adopted as R.1976 d.46 and R.1976 d.47, effective May 1, 1976. See: 8 N.J.R. 38(b), 8 N.J.R. 136(b).

Pursuant to Executive Order No. 66(1978), Subchapter 8, Nonrenewal of Automobile Insurance Policies, was readopted as R.1983 d.190, effective June 6, 1983. See: 15 N.J.R. 231(a), 15 N.J.R. 927(a).

Subchapter 12, Automobile Rate Filers: Flattening of Premium Taxes and Assessments Made for the Unsatisfied Claim and Judgment Fund, was adopted as R.1983 d.424, effective October 3, 1983. See: 15 N.J.R. 1170(a), 15 N.J.R. 1666(a).

Subchapter 13, Automobile Rate Filers: Deductibles for Private Passenger Automobile Collision and Comprehensive Coverage, was adopted as R.1983 d.467, effective October 17, 1983. See: 15 N.J.R. 1342(a), 15 N.J.R. 1769(b).

Pursuant to Executive Order No. 66(1978), Subchapter 6, Insurance Identification Card, was readopted as R.1983 d.648, effective December 29, 1983. See: 15 N.J.R. 1919(a), 16 N.J.R. 145(c).

Public Notice: Automobile Insurance Written Notice/Buyer's Guide Coverage Selection Form. See: 16 N.J.R. 254(d).

Subchapter 15, Standards for Written Notice: Buyer's Guide and Coverage Selection Form, was adopted as R.1984 d.114, effective April 2, 1984. See: 15 N.J.R. 2142(a), 16 N.J.R. 733(a).

Subchapter 14, Personal Injury Protection Options, was adopted as R.1984 d.116, effective April 2, 1984. See: 15 N.J.R. 2139(a), 16 N.J.R. 730(b).

The Executive Order No. 66(1978) expiration date of Subchapter 7, Automobile Repair Reform Act, was extended by gubernatorial directive from August 17, 1984 to November 15, 1984, and was further extended by gubernatorial directive from November 15, 1984 to February 13, 1985. See: 17 N.J.R. 43(a).

Pursuant to Executive Order No. 66(1978), Subchapter 7, Automobile Repair Reform Act, was readopted as R.1985 d., effective February 13, 1985. See: 17 N.J.R. 43(a), 17 N.J.R. 707(b).

Subchapter 17, Rating Organizations, was adopted as R.1985 d.609, effective October 6, 1985. See: 16 N.J.R. 2936(a), 17 N.J.R. 2905(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Automobile Insurance, was readopted as R.1985 d.654, effective January 6, 1986, operative May 6, 1986. See: 16 N.J.R. 3286(a), 17 N.J.R. 89(b).

Subchapter 20, Reporting Financial Disclosure and Excess Profit Reports, was adopted as R.1986 d.111, effective April 7, 1986. See: 17 N.J.R. 2597(a), 18 N.J.R. 692(a).

Subchapter 17, Rating Organizations, was repealed and Subchapter 17, Rating Organizations, was adopted as new rules by R.1986 d.419, effective October 6, 1986. See: 18 N.J.R. 1171(b), 18 N.J.R. 2045(a).

Subchapter 22, Coverage Option Survey: Personal Injury Protection and Tort Threshold Options, was adopted as R.1986 d.463, effective November 17, 1986. See: 18 N.J.R. 1344(b), 18 N.J.R. 2329(a).

Subchapter 23, Dangerous Drivers or Drivers with Excessive Claims, was adopted as R.1987 d.527, effective December 21, 1987. See: 19 N.J.R. 1880(a), 19 N.J.R. 2403(b).

Public Notice: Rescission of Circular Letter #75. See: 19 N.J.R. 570(e).

Subchapter 26, Accident Claims, Subchapter 27, Unsatisfied Claim and Judgment Fund Board, and Subchapter 28, Unsatisfied Claim and Judgment Fund's Reimbursement of Excess Medical Expense Benefits Paid by Insurers, were adopted as R.1989 d.268, effective May 15, 1989. See: 21 N.J.R. 688(a), 21 N.J.R. 1363(a).

Subchapter 20, Reporting Financial Disclosure and Excess Profit Reports, was repealed and Subchapter 20, Reporting Financial Disclosure and Excess Profit Reports, was adopted as new rules by R.1989 d.277, effective May 15, 1989. See: 21 N.J.R. 667(b), 21 N.J.R. 1335(a), 21 N.J.R. 1517(b).

Subchapter 24, Policy Constants, and Subchapter 25, Residual Market Equalization Charges (RMECs), were adopted as R.1989 d.278, effective May 15, 1989. See: 20 N.J.R. 3104(a), 21 N.J.R. 1358(b).

Subchapter 20A, Standard Limiting Effect of Negative Excess Investment Income in the Computation of Excess Profits, was adopted as R.1989 d.306, effective June 5, 1989. See: 21 N.J.R. 842(a), 21 N.J.R. 1517(c).

Subchapter 17, Rating Organizations, was repealed by R.1989 d.328, effective June 19, 1989. See: 21 N.J.R. 973(a), 21 N.J.R. 1708(a).

Subchapter 30, Motor Vehicle Self-Insurance, was adopted as R.1989 d.584, effective November 20, 1989. See: 21 N.J.R. 2876(a), 21 N.J.R. 3666(b).

Subchapter 31, Examination of the Financial Experience of Private Passenger Automobile Insurers, was adopted as R.1990 d.108, effective February 5, 1990. See: 21 N.J.R. 3726(a), 22 N.J.R. 425(a).

Subchapter 18, Private Passenger Automobile Insurance: Rate Filing Review Procedures, was adopted as R.1990 d.109, effective February 5, 1990. See: 21 N.J.R. 3422(b), 22 N.J.R. 421(a).

Subchapter 16, Rate Filing Requirements: Voluntary Market Private Passenger Automobile Insurance, was adopted as R.1990 d.116, effective February 5, 1990. See: 21 N.J.R. 2182(a), 22 N.J.R. 399(a).

Subchapter 1, Provisions and Operations, was repealed and Subchapter 1, Commercial Automobile Insurance Plan, was adopted as new rules by R.1990 d.118, effective February 5, 1990. See: 21 N.J.R. 3613(a), 22 N.J.R. 392(b).

Subchapter 16A, Flex Rate Percentage Calculations for Private Passenger Automobile Insurance, was adopted as R.1990 d.161, effective March 19, 1990. See: 21 N.J.R. 3719(a), 22 N.J.R. 963(a).

Subchapter 34, Eligible Persons Qualifications and Automobile Insurance Eligibility Points Schedule, was adopted as emergency new rules by R.1990 d.620, effective November 26, 1990, operative April 1, 1991, to expire January 25, 1991. See: 22 N.J.R. 3847(a). The provisions of R.1990 d.620 were readopted as R.1991 d.93, effective January 25,

1991, operative April 1, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3847(a), 23 N.J.R. 572(a)

Subchapter 36, Automobile Physical Damage Insurance Inspection Procedures, was adopted as emergency new rules by R.1990 d.622, effective November 26, 1990, operative March 1, 1991, to expire January 25, 1991. See: 22 N.J.R. 3861(a). The provisions of R.1990 d.622 were readopted as R.1991 d.95, effective January 25, 1991, operative October 1, 1992, with changes effective February 19, 1991. See: 22 N.J.R. 3861(a), 23 N.J.R. 579(a), 23 N.J.R. 1132(c).

Subchapter 38, Towing and Storage Fee Schedule, was adopted as emergency new rules by R.1990 d.623, effective November 26, 1990, operative January 1, 1991, to expire January 25, 1991. See: 22 N.J.R. 3874(a). The provisions of R.1990 d.623 were readopted as R.1991 d.97, effective January 25, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3874(a), 23 N.J.R. 592(a).

Subchapter 29, Medical Fee Schedules: Automobile Insurance Personal Injury Protection Coverage, was adopted as emergency new rules by R.1990 d.624, effective November 26, 1990, operative January 1, 1991, to expire January 25, 1991. See: 22 N.J.R. 3809(a). The provisions of R.1990 d.624 were readopted as R.1991 d.96, effective January 25, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3809(a), 23 N.J.R. 536(a).

Subchapter 37, Order of Benefit Determination Between Automobile Personal Injury Protection and Health Insurance, was adopted as emergency new rules by R.1990 d.625, effective November 26, 1990, to expire January 25, 1991. See: 22 N.J.R. 3777(a). The provisions of R.1990 d.625 were readopted as R.1991 d.90, effective January 25, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3777(a), 23 N.J.R. 597(a).

Subchapter 35, Private Passenger Automobile Insurance Underwriting Rules, was adopted as emergency new rules by R.1990 d.627, effective November 26, 1990, to expire January 25, 1991. See: 22 N.J.R. 3856(a). The provisions of R.1990 d.627 were readopted as R.1991 d.94, effective January 25, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3856(a), 23 N.J.R. 577(a).

Subchapter 19, Standard/Non-Standard Rating Plans, was adopted as emergency new rules by R.1990 d.628, effective November 26, 1990, to expire January 25, 1991. See: 22 N.J.R. 3804(a). The provisions of R.1990 d.628 were readopted as R.1991 d.92, effective January 25, 1991, with changes effective February 19, 1991. See: 22 N.J.R. 3804(a), 23 N.J.R. 532(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Automobile Insurance, was readopted as R.1991 d.45, effective January 4, 1991, and Subchapters 2 through 5, concerning the Automobile Insurance Plan (AIP), were repealed by R.1991 d.45, effective February 4, 1991. See: 22 N.J.R. 1678(a), 23 N.J.R. 306(b).

Subchapter 24, Policy Constants, was repealed by R.1991 d.216, effective April 15, 1991. See: 22 N.J.R. 3441(a), 23 N.J.R. 1132(a).

Subchapter 25, Residual Market Equalization Charges (RMECs), was repealed by R.1991 d.217, effective April 15, 1991. See: 22 N.J.R. 3442(a), 23 N.J.R. 1132(b).

Subchapter 39, Reductions in Premium Charges for Private Passenger Automobiles Equipped with Anti-Theft, Vehicle Recovery and Safety Features, was adopted as R.1991 d.363, effective July 15, 1991, operative September 1, 1991. See: 23 N.J.R. 384(a), 23 N.J.R. 2144(a).

Subchapter 33, Appeals from Denial of Automobile Insurance, was adopted as R.1992 d.192, effective April 30, 1992. See: 24 N.J.R. 546(a), 24 N.J.R. 1510(a).

Subchapter 40, Insurers Required to Provide Automobile Insurance Coverage to Eligible Persons, was adopted as R.1992 d.207, effective May 4, 1992. See: 23 N.J.R. 3736(a), 24 N.J.R. 336(a), 24 N.J.R. 1796(b).

Subchapter 2, New Jersey Personal Automobile Insurance Plan, was adopted as new rules by R.1992 d.370, effective September 21, 1992. See: 24 N.J.R. 331(a), 24 N.J.R. 3400(a).

Subchapter 3, Limited Assignment Distribution Servicing Carriers, was adopted as new rules by R.1992 d.371, effective September 21, 1992. See: 24 N.J.R. 519(a), 24 N.J.R. 3414(a).

Subchapter 42, Producer Assignment Program, was adopted as emergency new rules by R.1992 d.381, effective September 4, 1992, to expire November 3, 1992. See: 24 N.J.R. 3421(a). The provisions of R.1992 d.381 were readopted as R.1992 d.482, effective November 2, 1992, with changes effective December 7, 1992. See: 24 N.J.R. 3421(a), 24 N.J.R. 4397(a).

Subchapter 44, Special Rules for Effecting Coverage for Private Passenger Automobile Insurance, was adopted as emergency new rules by R.1993 d.135, effective March 1, 1993, operative March 8, 1993, to expire April 30, 1993. See: 25 N.J.R. 1290(a). The provisions of R.1993 d.135 were readopted as R.1993 d.238, effective April 30, 1993. See: 25 N.J.R. 1290(a), 25 N.J.R. 2479(a).

Subchapter 2B, Market Transition Facility of New Jersey Suspension of Claims, was adopted as emergency new rules by R.1994 d.164, effective March 1, 1994, to expire April 30, 1994. See: 26 N.J.R. 1393(a). The provisions of R.1994 d.164 were readopted as R.1994 d.261, effective April 29, 1994. See: 26 N.J.R. 1393(a), 26 N.J.R. 2288(a).

Subchapter 32, Certification of Compliance: Mandatory Liability Coverages, was adopted as R.1994 d.477, effective September 19, 1994. See: 26 N.J.R. 1939(a), 26 N.J.R. 3866(a).

Subchapter 31, Examination of the Financial Experience of Private Passenger Automobile Insurers, was repealed by R.1995 d.171, effective March 20, 1995. See: 27 N.J.R. 41(a), 27 N.J.R. 1190(b).

Subchapter 45, Insurers Required to Provide Survey Information, was adopted as R.1995 d.235, effective May 1, 1995. See: 27 N.J.R. 289(a), 27 N.J.R. 1803(a).

Pursuant to Executive Order No. 66(1978), Chapter 3, Automobile Insurance, was readopted as R.1996 d.58, effective January 4, 1996, and Subchapter 2A, New Jersey Automobile Full Insurance Underwriting Association Claims Payment Deferral, Subchapter 3, Limited Assignment Distribution Servicing Carriers, and Subchapter 23, Dangerous Drivers or Drivers with Excessive Claims, were repealed by R.1996 d.58, effective February 5, 1996. See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Subchapter 20A, Standard Limited Effect of Negative Excess Investment Income in the Computation of Excess Profits, was repealed by R.1996 d.312, effective July 15, 1996. See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Subchapter 25, Private Passenger Automobile Insurance: Notification by Treating Health Care Providers, was adopted as new rules by R.1997 d.14, effective January 6, 1997. See: 28 N.J.R. 3876(a), 29 N.J.R. 132(a).

Subchapter 24, Defensive Driving Rate Reductions, was adopted as new rules by R.1997 d.522, effective December 15, 1997. See: 28 N.J.R. 4854(a), 29 N.J.R. 5305(a).

Subchapter 28A, Unsatisfied Claim and Judgment Fund Assessments, was adopted as R.1997 d.535, effective December 15, 1997. See: 29 N.J.R. 4246(a), 29 N.J.R. 5309(a).

Subchapter 19A, Tier Rating Plans and Underwriting Rules, was adopted as R.1998 d.129, effective March 2, 1998. See: 29 N.J.R. 5253(a), 30 N.J.R. 839(a).

Subchapter 46, Automobile Insurance Urban Enterprise Zone Program, was adopted as R.1998 d.290, effective June 1, 1998. See: 30 N.J.R. 773(a), 30 N.J.R. 2010(a).

Subchapter 3, Basic Automobile Insurance Policy, was adopted as new rules by R.1998 d.592, effective December 21, 1998, operative March 22, 1999. See: 30 N.J.R. 3209(a), 30 N.J.R. 4398(a).

Subchapter 5, Personal Injury Protection Dispute Resolution, was adopted as new rules by R.1998 d.593, effective December 21, 1998. See: 30 N.J.R. 3359(a), 30 N.J.R. 4437(a).

AUTOMOBILE INSURANCE

Subchapter 4, Personal Injury Protection Benefits; Medical Protocols; Diagnostic Tests, was adopted as new rules by R.1998 d.597, effective December 21, 1998, operative March 22, 1999. See: 30 N.J.R. 3211(a), 30 N.J.R. 3748(a), 30 N.J.R. 4401(a).

Subchapter 38, Towing and Storage Fee Schedule, was repealed by R.1999 d.1, effective January 4, 1999. See: 30 N.J.R. 2813(a), 31 N.J.R. 54(c).

Pursuant to Executive Order No. 66(1978), Chapter 3, Automobile Insurance, was readopted as R.2001 d.44, effective January 4, 2001, and Subchapter 2B, Market Transition Facility of New Jersey Payment Prioritization and Claims Payment Deferral, Subchapter 16A, Flex Rate Percentage Calculations for Private Passenger Automobile Insurance, Subchapter 19, Standard/Nonstandard Rating Plans, and Subchapter 42, Producer Assignment Program, were repealed by R.2001 d.44, effective February 5, 2001. See: Source and Effective Date. See, also, section annotations.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. COMMERCIAL AUTOMOBILE INSURANCE PLAN

- 11:3-1.1 Purpose and scope
- 11:3-1.2 Definitions
- 11:3-1.3 Creation of the plan
- 11:3-1.4 Governing committee
- 11:3-1.5 Participation
- 11:3-1.6 Plan of operation
- 11:3-1.7 Coverage
- 11:3-1.8 Qualification
- 11:3-1.9 Rates and policy forms
- 11:3-1.10 Right to petition for appeal to the Commissioner

SUBCHAPTER 2. NEW JERSEY PERSONAL AUTOMOBILE INSURANCE PLAN

- 11:3-2.1 Purpose and scope
- 11:3-2.2 Definitions
- 11:3-2.3 Creation of the plan
- 11:3-2.4 Exemptions
- 11:3-2.5 Governing committee
- 11:3-2.6 Plan of operation
- 11:3-2.7 Coverage
- 11:3-2.8 Eligibility
- 11:3-2.9 Rates and policy forms
- 11:3-2.10 Installment payment option
- 11:3-2.11 Determination and fulfillment of quotas
- 11:3-2.12 Right to petition for appeal to the Commissioner
- 11:3-2.13 Penalties

SUBCHAPTER 2A. through 2B (RESERVED)

SUBCHAPTER 3. BASIC AUTOMOBILE INSURANCE POLICY

- 11:3-3.1 Purpose and scope
- 11:3-3.2 Definitions
- 11:3-3.3 General provisions
- 11:3-3.4 Coverages; mandatory and optional
- 11:3-3.5 Election of basic automobile insurance policy coverage and reporting
- 11:3-3.6 Filing requirements

SUBCHAPTER 3A. REPORTING REQUIREMENTS AND FILING DEADLINES

- 11:3-3A.1 Purpose and scope
- 11:3-3A.2 Definitions
- 11:3-3A.3 Report requirements
- 11:3-3A.4 Penalties

SUBCHAPTER 4. PERSONAL INJURY PROTECTION BENEFITS; MEDICAL PROTOCOLS; DIAGNOSTIC TESTS

- 11:3-4.1 Scope and purpose
- 11:3-4.2 Definitions
- 11:3-4.3 Personal injury protection benefits applicable to basic and standard policies
- 11:3-4.4 Deductibles and co-pays
- 11:3-4.5 Diagnostic tests
- 11:3-4.6 Medical protocols
- 11:3-4.7 Decision point review
- 11:3-4.8 Precertification
- 11:3-4.9 Assignment of benefits; public information
- 11:3-4.10 Reporting requirements

APPENDIX TREATMENT OF ACCIDENTAL INJURY TO THE SPINE AND BACK CARE PATHS

EXHIBIT 1 GLOSSARY OF TERMS

EXHIBIT 2 TREATMENT OF ACCIDENTAL INJURY TO THE SPINE AND BACK CARE PATH OVERVIEW

EXHIBIT 3 CARE PATH 1

EXHIBIT 4 CARE PATH 2

EXHIBIT 5 CARE PATH 3

EXHIBIT 6 CARE PATH 4

EXHIBIT 7 CARE PATH 5

EXHIBIT 8 CARE PATH 6

EXHIBIT 9 TREATMENT OF ACCIDENTAL INJURY TO THE SPINE AND BACK CARE PATH DIAGNOSIS CODING

EXHIBIT 10 ADDENDUM TO CARE PATHS

EXHIBIT 11 DECISION POINT REVIEW/PRE-CERTIFICATION IMPLEMENTATION REPORT

SUBCHAPTER 5. PERSONAL INJURY PROTECTION DISPUTE RESOLUTION

- 11:3-5.1 Purpose and scope
- 11:3-5.2 Definitions
- 11:3-5.3 Designation of the administrator
- 11:3-5.4 Dispute resolution organizations
- 11:3-5.5 Dispute resolution professionals
- 11:3-5.6 Conduct of PIP dispute resolution proceedings
- 11:3-5.7 Recordkeeping
- 11:3-5.8 Medical review organizations
- 11:3-5.9 Standards for medical review organizations
- 11:3-5.10 Medical review organization certification process
- 11:3-5.11 Fees
- 11:3-5.12 Prohibition of conflicts of interest

SUBCHAPTER 6. INSURANCE IDENTIFICATION CARDS

- 11:3-6.1 Scope
- 11:3-6.2 Permanent identification cards (form IV-1)
- 11:3-6.3 Temporary identification card (form IV-2)
- 11:3-6.4 General provisions
- 11:3-6.5 Commercial motor vehicles; exemption

SUBCHAPTER 7. AUTOMOBILE REPARATION REFORM ACT

- 11:3-7.1 Purpose
- 11:3-7.2 General requirements applicable to additional personal injury protection benefits
- 11:3-7.3 Personal injury protection policy forms or endorsements
- 11:3-7.4 Minimum schedule of additional personal injury protection coverage benefits

- 11:3-7.5 Notice Requirement
- 11:3-7.6 Cancellation of automobile coverage for nonpayment of premium

SUBCHAPTER 8. RENEWAL AND NONRENEWAL OF AUTOMOBILE INSURANCE POLICIES

- 11:3-8.1 Scope
- 11:3-8.2 Definitions
- 11:3-8.3 General provisions
- 11:3-8.4 Standards of nonrenewal —ineligible persons
- 11:3-8.5 Other nonrenewals—standards
- 11:3-8.6 Limitations on nonrenewal
- 11:3-8.7 Suspension of nonrenewals
- 11:3-8.8 Records
- 11:3-8.9 Separability
- 11:3-8.10 Penalties

APPENDIX

EXHIBIT A NEW JERSEY AUTO CONSUMERS' RIGHTS Q&A

EXHIBIT B (RESERVED)

EXHIBIT C (RESERVED)

SUBCHAPTER 9. RATING INFORMATION: AUTOMOBILE INSURANCE ON PRIVATE PASSENGER CARS

- 11:3-9.1 Rating information; private passenger cars; automobile insurance
- 11:3-9.2 (Reserved)

SUBCHAPTER 10. AUTO PHYSICAL DAMAGE CLAIMS

- 11:3-10.1 Scope
- 11:3-10.2 Definitions
- 11:3-10.3 Adjustment of partial losses
- 11:3-10.4 Adjustment of total losses
- 11:3-10.5 Unreasonable delay
- 11:3-10.6 Loss of use
- 11:3-10.7 Subrogation agreements
- 11:3-10.8 Repair estimates
- 11:3-10.9 Referral of insured to the at-fault party
- 11:3-10.10 Examinations by the New Jersey Department of Banking and Insurance

SUBCHAPTER 11. MOPED INSURANCE

- 11:3-11.1 Required coverage for mopeds

SUBCHAPTER 12. AUTOMOBILE RATE FILERS: FLATTENING OF PREMIUM TAXES AND ASSESSMENTS MADE FOR THE UNSATISFIED CLAIM AND JUDGMENT FUND

- 11:3-12.1 Purpose
- 11:3-12.2 Scope
- 11:3-12.3 Definitions
- 11:3-12.4 Tax and assessment fees; general provisions
- 11:3-12.5 Filing and reporting requirements

SUBCHAPTER 13. COLLISION AND COMPREHENSIVE COVERAGE DEDUCTIBLES AND OPTIONS

- 11:3-13.1 Purpose
- 11:3-13.2 Scope
- 11:3-13.3 Deductibles for private passenger automobile collision and comprehensive coverages
- 11:3-13.4 Filing and reporting requirements
- 11:3-13.5 Named excluded driver

APPENDIX

SUBCHAPTER 14. PERSONAL INJURY PROTECTION OPTIONS FOR STANDARD POLICIES

- 11:3-14.1 Purpose
- 11:3-14.2 Scope
- 11:3-14.3 Optional medical expense benefits for standard policies
- 11:3-14.4 Optional exclusion of income continuation benefits, essential services benefits, death benefits and funeral expense benefits

- 11:3-14.5 Option to choose health care insurance coverage as primary coverage
- 11:3-14.6 Refund or credit of unearned premium
- 11:3-14.7 Filing requirements
- 11:3-14.8 Application of the option to choose health care insurance coverage as the primary insurer

SUBCHAPTER 15. STANDARDS FOR WRITTEN NOTICE: BUYER'S GUIDE AND COVERAGE SELECTION FORM

- 11:3-15.1 Purpose
- 11:3-15.2 Scope
- 11:3-15.3 Definitions
- 11:3-15.4 Compliance
- 11:3-15.5 Minimum standards for New Jersey Auto Insurance Buyer's Guide
- 11:3-15.6 Minimum standards for Coverage Selection Forms
- 11:3-15.7 Use of Coverage Selection Form; Availability
- 11:3-15.8 Penalties
- 11:3-15.9 through 11:3-15.11 (Reserved)

APPENDIX

EXHIBIT 1 NEW JERSEY AUTO INSURANCE BUYER'S GUIDE

EXHIBIT 2 STANDARD POLICY COVERAGE SELECTION FORM

EXHIBIT 3 BASIC POLICY COVERAGE SELECTION FORM

SUBCHAPTER 16. RATE FILING REQUIREMENTS: VOLUNTARY MARKET PRIVATE PASSENGER AUTOMOBILE INSURANCE

- 11:3-16.1 Purpose and scope
- 11:3-16.2 Definitions
- 11:3-16.3 General requirements and filing format
- 11:3-16.4 Insurer informational filings due July 1 of each year
- 11:3-16.5 (Reserved)
- 11:3-16.6 Insurer filings for rates requiring prior approval
- 11:3-16.7 (Reserved)
- 11:3-16.8 Premiums, loss costs, loss and loss adjustment expense data
- 11:3-16.9 Data requirements for expense and profit provisions
- 11:3-16.10 Rate calculation using standard ratemaking methodology
- 11:3-16.11 Rate filings reflecting assessments and surtaxes
- 11:3-16.12 (Reserved)
- 11:3-16.13 Incomplete filings and further proceedings
- 11:3-16.14 Rate adjustments upon repayment of assessments
- 11:3-16.15 Voluntary written exposure and primary classification data
- 11:3-16.16 Prospective loss cost filing requirements for insurers

APPENDIX

EXHIBIT AI (RESERVED)

EXHIBIT AII PRIOR APPROVAL FILINGS

EXHIBIT B CAUSE OF LOSS REPORT

EXHIBIT C WORKSHEET TO DETERMINE ZERO THRESHOLD PREMIUM

EXHIBIT D INSURER RATE FILING

EXHIBIT E DEVIATION APPLICATION FORM

EXHIBIT F REPRESENTATIONS REGARDING RATE FILING DOCUMENTS

EXHIBIT G KEY PERFORMANCE INDICATORS

EXHIBIT H MARKETING METHODS FOR THE LARGEST PRIVATE PASSENGER AUTO INSURER GROUPS IN NEW JERSEY

EXHIBIT I (RESERVED)

EXHIBIT J RATE PURSUIT SURVEY QUESTIONNAIRE

SUBCHAPTER 16A. (RESERVED)

SUBCHAPTER 16B. EXPEDITED PROCESS; CALCULATIONS FOR PRIVATE PASSENGER AUTOMOBILE INSURANCE RATE CHANGES

- 11:3-16B.1 Purpose and scope

AUTOMOBILE INSURANCE

- 11:3-16B.2 Definitions
- 11:3-16B.3 Expedited filings; insurers and rating organizations
- 11:3-16B.4 Expedited process calculations for private passenger automobile insurance
- 11:3-16B.5 Limitation on filer's rate request
- 11:3-16B.6 Review; general principles; actions

APPENDIX

SUBCHAPTER 17. RATE INTERVENOR RULES

- 11:3-17.1 Purpose and scope
- 11:3-17.2 Definitions
- 11:3-17.3 Intervenor registration requirements
- 11:3-17.4 Penalties for intervenors or filers
- 11:3-17.5 Notification of rate increase
- 11:3-17.6 Procedures for intervening in a rate filing
- 11:3-17.7 Awarding of fees and expenses

APPENDIX A. RATE INTERVENOR REGISTRATION

SUBCHAPTER 18. PRIVATE PASSENGER AUTOMOBILE INSURANCE: RATE FILING REVIEW PROCEDURES

- 11:3-18.1 Purpose and scope
- 11:3-18.2 Definitions
- 11:3-18.3 General provisions applicable to all filings
- 11:3-18.4 Procedures for review of prior approval filings
- 11:3-18.5 through 11:3-18.6 (Reserved)
- 11:3-18.7 Other remedies preserved

SUBCHAPTER 19. (RESERVED)

SUBCHAPTER 19A. TIER RATING PLANS AND UNDERWRITING RULES

- 11:3-19A.1 Purpose and scope
- 11:3-19A.2 Definitions
- 11:3-19A.3 General provisions
- 11:3-19A.4 Filing requirements for tier rating plans
- 11:3-19A.5 Standards of approval, disapproval or modification of underwriting rules and tier rating plans
- 11:3-19A.6 Policy renewals and notice to insureds
- 11:3-19A.7 Underwriting rules for eligible persons
- 11:3-19A.8 Penalties
- 11:3-19A.9 (Reserved)

APPENDIX

SUBCHAPTER 20. REPORTING FINANCIAL DISCLOSURE AND EXCESS PROFITS

- 11:3-20.1 Purpose
- 11:3-20.2 Scope
- 11:3-20.3 Definitions
- 11:3-20.4 General reporting requirements
- 11:3-20.5 Excess profit report
- 11:3-20.6 Reporting requirements for insurance holding company systems
- 11:3-20.7 Determination of an excess profit
- 11:3-20.8 Refund or credit of an excess profit
- 11:3-20.9 Excess profit carry forward
- 11:3-20.10 Order for further information
- 11:3-20.11 Supplemental filings
- 11:3-20.12 (Reserved)
- 11:3-20.13 Penalties

APPENDIX EXCESS PROFIT EXHIBITS—INSTRUCTIONS

SUBCHAPTER 20A. (RESERVED)

SUBCHAPTER 21. PERSONAL INJURY PROTECTION COVERAGE: REDUCED PIP PREMIUM CHARGE FOR ADDITIONAL AUTOS IN ONE-DRIVER HOUSEHOLDS

- 11:3-21.1 Purpose

- 11:3-21.2 Reduction of PIP premium
- 11:3-21.3 Automobiles eligible for premium reduction
- 11:3-21.4 Filing and statistical requirements

SUBCHAPTER 22. COVERAGE OPTION SURVEY PERSONAL INJURY PROTECTION AND TORT THRESHOLD OPTIONS

- 11:3-22.1 Purpose
- 11:3-22.2 Scope
- 11:3-22.3 Coverage option survey requirements

SUBCHAPTER 23. (RESERVED)

SUBCHAPTER 24. DEFENSIVE DRIVING RATE REDUCTIONS

- 11:3-24.1 Purpose and scope
- 11:3-24.2 Definitions
- 11:3-24.3 Rate reduction filing requirements
- 11:3-24.4 Application of defensive driving rate reduction
- 11:3-24.5 Procedure to obtain rate reduction
- 11:3-24.6 Penalties

SUBCHAPTER 25. PRIVATE PASSENGER AUTOMOBILE INSURANCE: NOTIFICATION BY TREATING HEALTH CARE PROVIDERS

- 11:3-25.1 Purpose and scope
- 11:3-25.2 Definitions
- 11:3-25.3 Notification of commencement of treatment
- 11:3-25.4 Content of notice and proof of receipt
- 11:3-25.5 Late notification
- 11:3-25.6 Standards for adjustment of reduction
- 11:3-25.7 Responsibility for payment
- 11:3-25.8 Procedure for appeals
- 11:3-25.9 Reporting requirement
- 11:3-25.10 Compliance

APPENDIX A NOTIFICATION OF COMMENCEMENT OF MEDICAL TREATMENT

APPENDIX B ADDRESS FOR NOTIFICATION OF COMMENCEMENT OF MEDICAL TREATMENT

SUBCHAPTER 26. UNSATISFIED CLAIM AND JUDGMENT FUND: NOTICE OF INTENT

- 11:3-26.1 Claim information
- 11:3-26.2 Claim filing; form

APPENDIX A

SUBCHAPTER 27. UNSATISFIED CLAIM AND JUDGMENT FUND BOARD

- 11:3-27.1 Uninsured's current financial status

SUBCHAPTER 28. UNSATISFIED CLAIM AND JUDGMENT FUND'S REIMBURSEMENT OF EXCESS MEDICAL EXPENSE BENEFITS PAID BY INSURERS

- 11:3-28.1 Purpose and scope
- 11:3-28.2 Definitions
- 11:3-28.3 Report of claims when the carrier has paid at least \$50,000 for medical expense benefits
- 11:3-28.4 Notice of change in the amount of reserves
- 11:3-28.5 Supplemental forms to be submitted to the Fund
- 11:3-28.6 Insurer's continuing obligation to investigate claims
- 11:3-28.7 Reimbursement of excess medical expense benefits paid by insurers
- 11:3-28.8 Audits
- 11:3-28.9 Reporting of losses for personal injury protection payments in excess of \$75,000
- 11:3-28.10 Insurers' obligations to investigate and audit bills for medical benefits

- 11:3-28.11 Modifications to vehicles
- 11:3-28.12 Modifications to a claimant's residence
- 11:3-28.13 Insurer's obligation to obtain recovery of payments for paid medical expense benefit claims
- 11:3-28.14 Insurer's responsibility upon assignment of an uninsured motorist claim
- 11:3-28.15 Procedures for handling an assigned uninsured motorist claim
- 11:3-28.16 (Reserved)
- 11:3-28.17 Penalties

APPENDIX A FORMS; PAYMENT RECORD; QUESTIONNAIRE

APPENDIX B AMORTIZATION FORMULA

APPENDIX C UNSATISFIED CLAIM AND JUDGMENT FUND RECOVERY CERTIFICATION

SUBCHAPTER 28A. UNSATISFIED CLAIM AND JUDGMENT FUND ASSESSMENTS

- 11:3-28A.1 Purpose and scope
- 11:3-28A.2 Definitions
- 11:3-28A.3 Creation and maintenance of UCJF
- 11:3-28A.4 Penalties

SUBCHAPTER 29. MEDICAL FEE SCHEDULES: AUTOMOBILE INSURANCE PERSONAL INJURY PROTECTION AND MOTOR BUS MEDICAL EXPENSE INSURANCE COVERAGE

- 11:3-29.1 Purpose and scope
- 11:3-29.2 Definitions
- 11:3-29.3 Regions
- 11:3-29.4 Application of Medical Fee Schedules
- 11:3-29.5 Balance billing prohibited
- 11:3-29.6 (Reserved)

APPENDIX

SUBCHAPTER 30. MOTOR VEHICLE SELF-INSURANCE

- 11:3-30.1 Purpose
- 11:3-30.2 Scope
- 11:3-30.3 Definitions
- 11:3-30.4 General requirements
- 11:3-30.5 Certificate of self-insurance
- 11:3-30.6 Renewals
- 11:3-30.7 Surety bond requirement
- 11:3-30.8 Audits and examinations
- 11:3-30.9 Public entities
- 11:3-30.10 Cancellation of certificate of self-insurance

SUBCHAPTER 31. (RESERVED)

SUBCHAPTER 32. CERTIFICATION OF COMPLIANCE: MANDATORY LIABILITY COVERAGES

- 11:3-32.1 Purpose and scope
- 11:3-32.2 Definitions
- 11:3-32.3 Certification compliance requirements
- 11:3-32.4 Requests for copies of certifications

SUBCHAPTER 33. APPEALS FROM DENIAL OF AUTOMOBILE INSURANCE

- 11:3-33.1 Purpose; scope
- 11:3-33.2 Definitions
- 11:3-33.3 Right to appeal
- 11:3-33.4 Duties of insurer or insurance agent
- 11:3-33.5 Procedure for filing an appeal
- 11:3-33.6 Processing appeals
- 11:3-33.7 Contested case hearings; pleadings
- 11:3-33.8 Penalties
- 11:3-33.9 Compliance

APPENDIX A

APPENDIX B

SUBCHAPTER 34. ELIGIBLE PERSONS QUALIFICATIONS AND AUTOMOBILE INSURANCE ELIGIBILITY POINTS SCHEDULE

- 11:3-34.1 Purpose
- 11:3-34.2 Scope
- 11:3-34.3 Definitions
- 11:3-34.4 Eligible person qualifications
- 11:3-34.5 Automobile insurance eligibility points

APPENDIX SCHEDULE OF AUTOMOBILE INSURANCE ELIGIBILITY POINTS

SUBCHAPTER 35. PRIVATE PASSENGER AUTOMOBILE INSURANCE UNDERWRITING RULES

- 11:3-35.1 Purpose and scope
- 11:3-35.2 Definitions
- 11:3-35.3 General requirements and filing format
- 11:3-35.4 Underwriting rules for eligible persons
- 11:3-35.5 Underwriting rules for rating plans
- 11:3-35.6 Penalties

SUBCHAPTER 36. AUTOMOBILE PHYSICAL DAMAGE INSURANCE INSPECTION PROCEDURES

- 11:3-36.1 Purpose and scope
- 11:3-36.2 Definitions
- 11:3-36.3 Mandatory inspection requirements
- 11:3-36.4 Waivers of mandatory inspection
- 11:3-36.5 Deferral of inspections
- 11:3-36.6 Standards and procedures for inspection
- 11:3-36.7 Suspension of physical damage coverages
- 11:3-36.8 Enforcement
- 11:3-36.9 Results and audits
- 11:3-36.10 Severability
- 11:3-36.11 Required amendatory endorsements
- 11:3-36.12 (Reserved)

APPENDIX A ACKNOWLEDGMENT OF REQUIREMENT FOR INSURANCE INSPECTION

APPENDIX B NOTICE OF INSURANCE INSPECTION

APPENDIX C(1)

APPENDIX C(2)

APPENDIX D NOTICE OF SUSPENSION OF PHYSICAL DAMAGE COVERAGE

SUBCHAPTER 37. ORDER OF BENEFIT DETERMINATION BETWEEN AUTOMOBILE PERSONAL INJURY PROTECTION AND HEALTH INSURANCE

- 11:3-37.1 Purpose and scope
- 11:3-37.2 Definitions
- 11:3-37.3 Health benefits providers
- 11:3-37.4 Application of the PIP-as-secondary coverage option
- 11:3-37.5 Health benefit plan standards and the PIP premium reduction
- 11:3-37.6 Order of benefits determination when PIP is secondary coverage
- 11:3-37.7 Determination of PIP medical benefits payable when PIP is secondary coverage
- 11:3-37.8 Health benefits plan coverage ineligibility
- 11:3-37.9 Determination of benefits when PIP is primary coverage
- 11:3-37.10 Explanation of benefits
- 11:3-37.11 Dispute as to primacy of coverage
- 11:3-37.12 Eligibility under two or more automobile policies
- 11:3-37.13 Penalties
- 11:3-37.14 Severability

SUBCHAPTER 38. (RESERVED)

SUBCHAPTER 39. REDUCTIONS IN PREMIUM CHARGES FOR PRIVATE PASSENGER AUTOMOBILES EQUIPPED WITH ANTI-THEFT, VEHICLE RECOVERY AND SAFETY FEATURES

- 11:3-39.1 Purpose
- 11:3-39.2 Scope
- 11:3-39.3 Definitions
- 11:3-39.4 Reductions in rates for anti-theft and vehicle recovery devices
- 11:3-39.5 Categories of anti-theft and vehicle recovery devices
- 11:3-39.6 Reductions in rates for safety features
- 11:3-39.7 Penalties
- 11:3-39.8 Severability

SUBCHAPTER 40. INSURERS REQUIRED TO PROVIDE AUTOMOBILE INSURANCE COVERAGE TO ELIGIBLE PERSONS

- 11:3-40.1 Purpose and scope
- 11:3-40.2 Definitions
- 11:3-40.3 Insurers required to provide automobile insurance coverage to eligible persons
- 11:3-40.4 Penalties

SUBCHAPTERS 41 THROUGH 43. (RESERVED)

SUBCHAPTER 44. SPECIAL RULES FOR EFFECTING COVERAGE FOR PRIVATE PASSENGER AUTOMOBILE INSURANCE

- 11:3-44.1 Purpose and scope
- 11:3-44.2 Definitions
- 11:3-44.3 Duty to provide coverage upon receipt of a completed written application
- 11:3-44.4 New applicants previously insured in another state by the insurer or an affiliate
- 11:3-44.5 Underwriting rules
- 11:3-44.6 Penalties

SUBCHAPTER 45. INSURERS REQUIRED TO PROVIDE SURVEY INFORMATION

- 11:3-45.1 Purpose and scope
- 11:3-45.2 Definitions
- 11:3-45.3 Annual premium survey filing
- 11:3-45.4 Penalties

APPENDIX NEW JERSEY AUTOMOBILE INSURANCE PREMIUM COMPARISON SURVEY

SUBCHAPTER 46. AUTOMOBILE INSURANCE URBAN ENTERPRISE ZONE PROGRAM

- 11:3-46.1 Purpose and scope
- 11:3-46.2 Definitions
- 11:3-46.3 Designation of UEZ and UEZ share
- 11:3-46.4 Qualified insurers
- 11:3-46.5 UEZ agents
- 11:3-46.6 PAIP voluntary rating tier
- 11:3-46.7 Qualified producers
- 11:3-46.8 Review of applications
- 11:3-46.9 Disapproval standards
- 11:3-46.10 Commissions
- 11:3-46.11 Coverage application procedure
- 11:3-46.12 PAIP Plan of Operation
- 11:3-46.13 Reporting requirements
- 11:3-46.14 Penalties

APPENDIX

SUBCHAPTER 1. COMMERCIAL AUTOMOBILE INSURANCE PLAN

11:3-1.1 Purpose and scope

(a) The purpose of this subchapter is to establish a plan pursuant to N.J.S.A. 17:29D-1:

1. To provide the coverages described herein, subject to the conditions stated, for motor vehicles other than those vehicles subject to the New Jersey Personal Automobile Insurance Plan and any other private passenger vehicle that is owned by or driven by a person who meets the definition of an eligible person pursuant to N.J.S.A. 17:33B-13 and N.J.A.C. 11:3-34;

2. To provide for the apportionment of insurance coverage for qualified applicants who are in good faith entitled to but are unable to procure the same, through the voluntary market; and

3. To establish a procedure for the sharing of premiums, losses, and expenses among all insurers who are participants in New Jersey as defined within this subchapter for all risks qualified for coverage under the provisions of this subchapter.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).
Amended by R.1996 d.502, effective October 21, 1996.
See: 27 N.J.R. 4489(a), 28 N.J.R. 4586(a).
Amended by R.2003 d.415, effective October 20, 2003.
See: 35 N.J.R. 2391(a), 35 N.J.R. 4900(a).

In (a), inserted "other" preceding "private passenger vehicle" in 1, substituted "qualified" for "eligible" preceding "applicants" in 2 and substituted "qualified" for "eligible" preceding "for coverage" in 3.

11:3-1.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"CAIP" or "Plan" means the Commercial Automobile Insurance Plan pursuant to this subchapter.

"CAIP manager" means the entity employed by the Governing Committee to manage and conduct the administrative affairs of the CAIP on a daily basis.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Emergency type vehicle" means any land vehicle, used to respond to distress calls, fires, or rescue, propelled by other than muscular power and not run upon rails or tracks. This term includes, but is not limited to, fire trucks, rescue trucks, police cars and ambulances.

“Gross participation” means a participant’s Voluntary All Other Automobile Direct Written Premiums derived from information contained in the annual statement times a fraction, the numerator of which is the sum of the plan’s total written premiums for that year and the Statewide total Voluntary All Other Automobile Direct Written Premiums which are eligible for depopulation credit for that policy year, and the denominator of which is the Statewide total Voluntary All Other Automobile Net Direct Written Premiums of all participants for that second prior year.

“Light truck” means a vehicle with a gross vehicle weight (G.V.W.) of 10,000 pounds or less.

“Motor vehicle” means any land vehicle propelled otherwise than by muscular power including trailers and semi-trailers, except such vehicles that run only upon rails or tracks.

“Net participation” means a participant’s gross participation for that policy year less its business eligible for depopulation credit for that policy year.

“Net participation percentage” means a participant’s net participation for that policy year in proportion to the comparable Statewide total net participation for all participants.

“Operating headquarters” means the chief place of business where the principal officers generally transact business, and the place to which reports are made and from which orders emanate. It is the location where the executive offices are, corporate decisions are made and corporate functions are performed.

“Participant” means an insurer licensed and authorized to write motor vehicle liability or physical damage insurance and specifically includes any insurer who writes all other automobile liability and all other automobile physical damage insurance.

“Personal injury protection” means those benefits as set forth at N.J.S.A. 39:6A-4.

“Policy year” means the exposure and premiums for all policies written during a calendar year and all losses attributable to policies written during the same calendar year.

“Private passenger automobile” means a vehicle that meets the definition in N.J.S.A. 39:6A-2a, that is not eligible for coverage through any voluntary or residual market mechanism created by statute, and is owned by an individual or husband and wife; or owned jointly by two or more relatives other than husband and wife; or owned jointly by two or more resident individuals; or owned by a corporation, partnership or unincorporated association, governmental agency, or registered to a professional designation (that is, T/A, PA or P.C.) where such automobiles are furnished to individuals and are not used for business purposes.

“Private passenger type automobile” means a vehicle that meets the definition in N.J.S.A. 39:6A-2a and is owned by a corporation, partnership or any other entity except an individual or husband and wife and used for business purposes.

“Qualified applicant” means the owner or registrant of a motor vehicle registered in New Jersey or to be registered within 60 days who is unable to obtain automobile insurance in New Jersey in the voluntary market and is not in good faith qualified for automobile insurance coverage in any residual market mechanism created by statute other than the CAIP. For multi-state operations, the applicant must have its operating headquarters in New Jersey but vehicles may be registered in other states. No applicant shall be deemed qualified if the principal operator of the vehicle to be insured does not hold a driver’s license which is valid in New Jersey, or if a regular operator of the vehicle other than the principal operator does not hold such a license.

“Voluntary All Other Automobile Direct Written Premiums” means automobile liability, personal injury protection, and physical damage premiums written by a participant on New Jersey risks, minus:

1. CAIP direct written premiums included in the figures which the participant wrote as a service carrier for CAIP;
2. Any direct written premiums included in the figures from insureds who are qualified applicants for any residual market mechanism created by statute other than the CAIP;
3. Any reinsurance premiums assumed from other insurers included in the figures;
4. Any premiums for Death and Disability coverage included in the figures;
5. Private passenger nonfleet automobile bodily injury and property damage liability, medical payments, basic and additional personal injury protection, and uninsured and underinsured motorists voluntary premium;
6. Miscellaneous nonfleet specialty personal automobile bodily injury and property damage liability voluntary premiums for any class approved by the Department as specified in the plan of operation; and
7. Taxi bodily injury, property damage liability, uninsured and underinsured motorists and physical damage premiums.

Amended by R.1991 d.45, effective February 4, 1991.

See: 22 N.J.R. 1678(a), 23 N.J.R. 306(b).

Deleted definition of NJAFIUA and references to it; added text to definitions for “Private passenger automobile” and “Voluntary All Other Automobile Direct Written Premiums.”

Amended by R.1996 d.502, effective October 21, 1996.

See: 27 N.J.R. 4489(a), 28 N.J.R. 4586(a).

Amended by R.1998 d.591, effective December 21, 1998 (operative March 22, 1999).

See: 30 N.J.R. 3202(a), 30 N.J.R. 4390(b).

Inserted “Personal injury protection”.

Amended by R.2003 d.415, effective October 20, 2003.

See: 35 N.J.R. 2391(a), 35 N.J.R. 4900(a).

SUBCHAPTERS 2A THROUGH 2B. (RESERVED)

SUBCHAPTER 3. BASIC AUTOMOBILE
INSURANCE POLICY**11:3-3.1 Purpose and scope**

(a) This subchapter provides rules to be utilized by insurers in developing the policy forms and rates for basic automobile insurance policies to be filed with and approved by the Department in accordance with the provisions of N.J.S.A. 39:6A-3.1.

(b) This subchapter shall apply to all insurers writing private passenger automobile insurance on personal lines policy forms, including the New Jersey Personal Automobile Insurance Plan established by N.J.A.C. 11:3-2.

11:3-3.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

“Basic automobile insurance policy” or “basic policy” means that automobile insurance policy offered pursuant to N.J.S.A. 39:6A-3.1 and this subchapter.

“Commissioner” means the Commissioner of the Department of Banking and Insurance.

“Department” means the Department of Banking and Insurance.

“Insurer” means any person or persons, corporation, association, partnership, company, reciprocal exchange, or other legal entity authorized or admitted to transact private passenger automobile insurance in this State, or any one member of a group of affiliated companies that transacts business in accordance with a common rating system.

“Medically necessary” is as defined in N.J.A.C. 11:3-4.2.

“Personal injury protection” or “PIP” means the benefits and coverages set forth at N.J.S.A. 39:6A-4 and 39:6A-3.1 and N.J.A.C. 11:3-4.

“Significant disfigurement” means the result and/or manifestation of a serious traumatic injury that is observable as a permanent and substantial defect in the appearance and functional ability of the person injured. “Significant disfigurement” is a serious outward change that substantially detracts from the appearance and functional ability of the person injured.

“Standard automobile insurance policy” or “standard policy” means that policy form filed by private passenger automobile insurers and approved by the Commissioner that contains the coverages and options pursuant to N.J.S.A. 39:6A-4.

Amended by R.2000 d.454, effective November 6, 2000.
See: 31 N.J.R. 4210(a), 32 N.J.R. 4005(c)
Inserted “Significant disfigurement”.

11:3-3.3 General provisions

(a) All insurers writing private passenger automobile insurance and the Personal Automobile Insurance Plan shall file for approval with the Department their rates, rules and policy forms for a basic automobile insurance policy to be issued in accordance with N.J.S.A. 39:6A-3.1 and this subchapter.

(b) An insurer shall make available the basic policy at either a single tier rate or at multiple tier rates, consistent with its tier rating system filed and approved pursuant to N.J.A.C. 11:3-19A. If more than one basic policy rate is offered, each shall be identified as part of a standard, non-standard or preferred tier.

(c) If a named insured has elected basic automobile insurance coverage and other immediate family members or resident relatives of the named insured have higher policy limits under a standard policy, the provisions of N.J.S.A. 39:6A-4.2 shall apply and the named insured shall only be entitled to the coverages provided under his or her basic policy.

(d) Basic policies shall provide the tort option provided under N.J.S.A. 39:6A-8a.

(e) Initial rates by coverage for basic policies filed in accordance with this subchapter shall demonstrate consistency with the rates in the insurer’s standard policy, adjusted for reduced coverage limits.

(f) Insurers shall file for approval an initial basic policy rating system by January 20, 1999.

11:3-3.4 Coverages; mandatory and optional

(a) The following coverages shall be included in all basic policies:

1. Personal injury protection medical expense benefits coverage in an amount not to exceed \$15,000 per person, per accident; except that all medically necessary treatment of permanent or significant brain injury, spinal cord injury or disfigurement or medically necessary treatment of other permanent or significant injuries rendered at a trauma center or acute care hospital immediately following the accident and until the patient is stable, no longer requiring critical care and can be safely discharged or transferred to another facility in the judgment of the attending physician shall be covered in an amount not to

exceed \$250,000, including the \$15,000 above. The medical expense benefits provided herein shall be in accordance with N.J.A.C. 11:3-4; and

2. Liability insurance coverage insuring against loss resulting from liability imposed by law for property damage sustained by any person arising out of the ownership, maintenance, operation or use of an automobile in an amount or limit of \$5,000, exclusive of interest and costs, for damage to property in any one accident.

(b) Insurers shall also make available in the basic policy, at the option of the insured, liability insurance coverage for bodily injury or death in an amount or limit of \$10,000, exclusive of interest and costs, on account of the injury or death of one or more persons in any one accident.

(c) Insurers may make available with the basic policy, at the option of the insured, comprehensive and collision coverage with deductibles filed and approved pursuant to N.J.A.C. 11:3-13.

(d) Basic policies shall not contain any other coverages, options, limits or deductibles other than those which are set forth in (a) through (c) above. Increased policy limits, the health insurance primary option for automobile medical expense coverage and uninsured/under-insured motorist coverages shall not be provided in basic policies.

11:3-3.5 Election of basic automobile insurance policy coverage and reporting

(a) No insurer shall issue a basic automobile insurance policy unless the named insured has signed a written document entitled "basic automobile insurance policy coverage selection form" set forth in N.J.A.C. 11:3-15.7.

(b) For the years 1999 through 2003, each insurer writing basic automobile insurance policies shall report the number of basic automobile insurance in-force exposures together with the age of the named insured and the territories in which the named insured resides on a form prescribed by the Commissioner and in accordance with the provisions of N.J.A.C. 11:3-3A.

Amended by R.2003 d.95, effective March 3, 2003.
See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

In (b), deleted "as of December 31" following "exposures", deleted ", and filed no later than the next occurring February 15" following "Commissioner" and added a N.J.A.C. reference.

11:3-3.6 Filing requirements

(a) Insurers initially filing basic policy rating systems shall include the following:

1. A complete set of policy forms and endorsements that provide the mandatory and optional coverages as set forth in this subchapter;
2. Rates and rules as necessary;

3. An actuarial memorandum that supports the rate differentials from the insurer's standard policy rates;
4. The declaration page;
5. The rating information form; and
6. The personal lines filing forms as set forth in N.J.A.C. 11:3-16.3(f) and (g).

(b) Subsequent amendments to the rating systems shall be filed pursuant to N.J.A.C. 11:3-16 and other applicable statutes and rules.

SUBCHAPTER 3A. REPORTING REQUIREMENTS AND FILING DEADLINES

Authority

N.J.S.A. 17:1-8.1, 17:1-15(e), 17:1C-19 and 17:29A-5.

Source and Effective Date

R.2003 d.95, effective March 3, 2003.
See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

11:3-3A.1 Purpose and scope

(a) This subchapter consolidates reporting obligations from various rules into one subchapter to result in one efficient, time-saving procedure.

(b) This subchapter applies to all insurers that write private passenger automobile insurance in this State as defined in N.J.A.C. 11:3-3A.2.

11:3-3A.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Insurer" means any person authorized to write automobile insurance in New Jersey, including any residual market mechanism, and includes all affiliated companies with a group.

"Private passenger automobile" means a vehicle that meets the definition of "automobile" set forth at N.J.S.A. 39:6A-2.

11:3-3A.3 Report requirements

(a) All private passenger automobile insurers are required to file the following reports on a semi-annual basis, reflecting data from the last 12 months, and showing the residual market separately from the voluntary data, for the evaluation dates of December 31 and June 30 of each year:

1. The Consolidated Report;
2. The Limits of Liability Report;

3. The Coverage Option Survey—Personal Injury Protection (“PIP”) Deductibles, Threshold Options; and

4. PIP Medical Expense Limits Report.

(b) The Consolidated Report shall include the following reports: In Force Exposures; Primary Classification; Tier Report; and Basic versus Standard Exposures.

1. The Consolidated Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>. The Consolidated Report forms shall be filed for the following four subheadings:

i. Voluntary Standard Policy In-Force Exposure and Written Premiums;

ii. Voluntary Basic Policy In-Force Exposures and Written Premiums;

iii. PAIP Standard Policy In-Force Exposures and Written Premiums; and

iv. PAIP Basic Policy In-Force Exposures and Written Premium.

2. The Consolidated Report shall:

i. Include the total number of exposures for each report itemized by classification, tier and territory;

ii. Be completed for each of the company’s rating tiers as well as a summary of all tiers combined;

iii. Include in-force exposure and written premium for each of 12 classifications based on age, gender and use; and

iv. Not be modified in any way except to include extra tiers within the original spreadsheet for insurers who have additional tiers not listed on the template.

(c) The Limits of Liability Report shall be provided on seven separate spreadsheets and shall be filed in accordance with the template found at <http://www.state.nj.us/dobi> which itemizes limits of liability by territory for the following subheadings:

1. Standard policy no threshold—bodily injury split limits of liability;

2. Standard policy verbal threshold—bodily injury split limits of liability;

3. Standard policy verbal threshold—property damage split limits of liability;

4. Standard policy no threshold—property damage split limits of liability;

5. Standard policy verbal threshold—combined single limit;

6. Standard policy no threshold—combined single limit; and

7. Basic policy—liability limits.

(d) The Coverage Option Survey—PIP Deductibles, Threshold Options Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, and shall:

1. Be filed for both standard policies and basic policies;

2. Reflect the total number of automobiles with in-force coverage; and

3. Indicate the named driver exclusion, medical expense only, personal injury protection deductible, health primary or automobile primary and lawsuit threshold or no threshold options selected with respect to each automobile by territory and total.

(e) The PIP Medical Expense Limits Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, listing the total number of standard and basic combined in-force exposures for the six standard medical expense limits (\$15,000; \$50,000; \$75,000; \$150,000; \$250,000; and excess of \$250,000) and total by territory.

(f) Reports with an evaluation date of December 31 shall be due by January 31.

(g) Reports with an evaluation date of June 30 shall be due by July 31.

(h) Reports shall be submitted using the Excel templates, available on the Department’s website at <http://www.state.nj.us/dobi>, on one of the following media:

1. E-mail (preferred media);

2. CD-ROM; or

3. Floppy Diskette.

(i) The Excel templates shall not be modified by the user in any way except as stated above in (b)2iv above.

(j) Reports shall be submitted to:

New Jersey Department of Banking and Insurance
Office of Property and Casualty

PO Box 325

Trenton, NJ 08625-0325

E-mail: reports@dobi.state.nj.us

11:3-3A.4 Penalties

Failure to comply with the provisions of this subchapter may result in the imposition of penalties pursuant to N.J.S.A. 17:33-2 and as otherwise authorized by law.

SUBCHAPTER 4. PERSONAL INJURY PROTECTION BENEFITS; MEDICAL PROTOCOLS; DIAGNOSTIC TESTS

11:3-4.1 Scope and purpose

(a) This subchapter implements the provisions of N.J.S.A. 39:6A-3.1, 39:6A-4 and 39:6A-4.3 by identifying the person-

al injury protection medical expense benefits for which reimbursement of eligible charges will be made by automobile insurers under basic and standard policies and by motor bus insurers under medical expense benefits coverage.

(b) This subchapter applies to all insurers that issue policies of automobile insurance containing PIP coverage and policies of motor bus insurance containing medical expense benefits coverage.

(c) This subchapter shall apply to those policies that are issued or renewed on or after March 22, 1999.

Case Notes

Statute and the regulations promulgated by the Commissioner represented a complex legislative and regulatory package designed to reform automobile insurance law in New Jersey, and the courts of New Jersey were in the best position to consider the validity of the applicable regulations under state law. *Chiropractic America v. Lavachchia*, 180 F.3d 99 (3rd Cir. N.J. 1999).

Associations representing personal injury attorneys and health-care providers for automobile accident victims had standing to challenge approval of automobile policies by the commissioner of Banking and Insurance. *Quality Health Care v. DOBI*, 348 N.J.Super. 272, 791 A.2d 1085.

11:3-4.2 Definitions

The following words, phrases and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

“Basic automobile insurance policy” or “basic policy” means those private passenger automobile insurance policies issued in accordance with N.J.S.A. 39:6A-3.1 and N.J.A.C. 11:3-3.

“Clinically supported” means that a health care provider prior to selecting, performing or ordering the administration of a treatment or diagnostic test has:

SUBCHAPTER 8. RENEWAL AND NONRENEWAL OF AUTOMOBILE INSURANCE POLICIES

11:3-8.1 Scope

This subchapter applies to all automobiles as defined in N.J.S.A. 39:6A-2a, excluding those owned by business entities or insured through any statutorily mandated residual market mechanism, and to all policies or contracts of insurance insuring such automobiles.

New Rule, R.1983 d.190, effective June 6, 1983.

See: 15 N.J.R. 231(a), 15 N.J.R. 927(a).

Section was "General provisions".

Amended by R.1986 d.418, effective October 6, 1986.

See: 18 N.J.R. 1079(a), 18 N.J.R. 2039(b).

Case Notes

Policy provision defining an eligible person as a spouse only if resident in the same household as insured held void; named insured's deletion of estranged wife from coverage held void; reformation of policy ordered. *Matland v. United States Automobile Ass'n*, 174 N.J.Super. 499, 417 A.2d 46 (Law Div.1980).

The extension of N.J.A.C. 11:3-8.1, establishing procedures for the nonrenewal of "No-Fault" coverages to include physical damage coverages is a valid and enforceable exercise of the commissioner's rule making power. *Atty.Gen.F.O.1982, No. 8.*

11:3-8.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Automobile insurance eligibility points" or "eligibility points" means points calculated under the schedule set forth in N.J.A.C. 11:3-34.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the New Jersey Department of Banking and Insurance.

"Eligible person" means an individual that meets the qualifications set forth in N.J.A.C. 11:3-34.

"Information" means any facts, documents, information and representations that are intentionally disclosed, or not disclosed, by an insured, applicant or covered person to an insurer or its representative that would materially affect the coverage, the premium or the benefits under a policy of insurance.

"Insurer" includes a group of affiliated companies.

"Nonrenewal" means the termination of coverage at the end of the policy period. Nonrenewal occurs when a notice of nonrenewal is sent to the insured in accordance with these rules.

"Producer" means any person or business entity, licensed pursuant to N.J.S.A. 17:22A-1 et seq., that earns \$10,000 or more in commissions from an insurer in the prior calendar year.

"Renew" means to issue and deliver at the end of the policy period a policy superseding a policy previously issued and delivered, or to issue and deliver a certificate or notice extending the term of a policy beyond its policy period or term, by the same individual insurance company, or by another of a group of affiliated companies pursuant to a rating plan, filed and approved in accordance with N.J.A.C. 11:3-19A.

"Tier rating plan" means a rating system used by an insurer that provides different rates for different risks to those insureds who qualify in accordance with the insurer's approved underwriting rules, which has been filed and approved in accordance with N.J.A.C. 11:3-19A.

Emergency New Rule, R.1990 d.626, effective November 26, 1990,

Operative April 1, 1991 (expired January 25, 1991).

See: 22 N.J.R. 3766(b).

Adopted Concurrent Proposal R.1991 d.89, effective January 25, 1991.

See: 22 N.J.R. 3766(b), 23 N.J.R. 507(a).

Provisions of emergency new rule, R.1990 d.626 readopted without change, operative April 1, 1991.

Amended by R.1999 d.270, effective August 16, 1999.

See: 30 N.J.R. 2564(a), 31 N.J.R. 2383(b).

Inserted "DIFP", "Information" and "Nonrenewal"; in "Renew", changed N.J.A.C. reference; and changed "Standard/nonstandard rating plan" definition to "Tier rating plan", substituted a reference to rates for a reference to base rates, and changed N.J.A.C. reference. Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Deleted "DIFP".

Case Notes

Where offer to renew insurance is conditioned upon timely premium payment, that fact should be clearly set forth. *Cervone v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 239 N.J.Super. 25, 570 A.2d 999 (A.D.1990).

Notices of nonrenewal must be sent in strict compliance with statutory provisions. *Lopez v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 239 N.J.Super. 13, 570 A.2d 994 (A.D.1990), certification denied 122 N.J. 131, 584 A.2d 206.

Renewal policy need not be issued until premium is paid. *Lopez v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 239 N.J.Super. 13, 570 A.2d 994 (A.D.1990), certification denied 122 N.J. 131, 584 A.2d 206.

Insurer held liable for fire loss where it failed to give notice of policy expiration. *Barbara Corp. v. Bob Maneely Insurance Agency*, 197 N.J.Super. 339, 484 A.2d 1292 (App.Div.1984) (dissenting opinion).

Provision that no insurer shall refuse to renew coverage without consent of the Commissioner upheld against constitutional challenges. *Sheeran v. Nationwide Mutual Insurance Co., Inc.*, 80 N.J. 548, 404 A.2d 625 (1979).

Insurance company cancelling agencies was required to give insureds renewal options indefinitely unless like coverage was available in the market. *Sheeran v. Nationwide Mutual Insurance Co., Inc.*, 159 N.J.Super. 417, 388 A.2d 272 (Ch.Div.1978), affirmed per curiam 163 N.J.Super. 40, 394 A.2d 149 (App.Div.1978), modified and affirmed 80 N.J. 548, 404 A.2d 625 (1979).

11:3-8.3 General provisions

(a) Every insurer shall make an offer to the insured named policyholder subject to this subchapter to renew such policy upon its expiration date, unless a valid notice of nonrenewal or conditioned renewal as specified in (h) below has been sent by the insurer to the insured in accordance with this subchapter.

(b) Each renewal offer shall be in the usual form of either a renewal policy, a certificate, or a renewal bill. With respect to payment of the renewal premium, notice shall be given not more than 45 days nor less than 30 days prior to the expiration of the existing policy or the due date of the premium, whichever is later, and shall clearly state the effect of not paying the renewal premium by the due date.

(c) Subject to changes approved by the Commissioner that had become effective prior to the expiration of the current policy, each renewal shall offer coverage, limits and terms at least as favorable to the insured as the expiring policy, including, but not limited to the schedule of premium payments, if any.

(d) Payment by the insured in accordance with the terms stated in the billing notice or in accordance with terms agreed to with the company or producer shall constitute acceptance of the renewal offer by the insured.

(e) The requirements of (b) above shall not preclude the insurer from offering physical damage coverage with a higher deductible than that in the expiring policy, provided the insured is informed that a lower deductible is available at an appropriate rate.

(f) A notice of nonrenewal shall not be valid unless it is mailed or delivered by the insurer to the insured named policyholder no less than 60 days and no more than 90 days prior to the expiration of the current policy, setting forth the reason(s) for such nonrenewal.

1. A notice of nonrenewal shall not be valid unless it includes the designated provision(s) of this subchapter under which action is being taken and the facts relied upon by the insurer in determining to nonrenew the insured. The notice shall include reference to the underwriting provision(s), including dates and other facts necessary for identification of the incident(s).

i. In the event action is being taken under N.J.A.C. 11:3-8.4(a) (ineligible person), the notice shall provide the basis by which the insured fails to qualify as an eligible person. When notice of nonrenewals is based on automobile insurance eligibility points, the notice shall identify the number of eligibility points and the events and sources which resulted in their assessment.

ii. In the event action is being taken under N.J.A.C. 11:3-8.4(b) (underwriting rules) to nonrenew an insured who is not an eligible person in accordance with the approved underwriting rules, the notice shall provide the basis by which the insured fails to qualify as an eligible person and shall reference the specific underwriting rule by which the insured is disqualified. The notice shall set forth the specific facts upon which the insurer relied to determine that the insured is not an eligible person and is no longer qualified to be insured in accordance with the insurer's approved underwriting rules.

iii. In the event action is being taken under N.J.A.C. 11:3-8.5(a)2, the notice shall specify that the action is being taken in accordance with N.J.A.C. 11:3-8.5(a)2 (two percent territorial nonrenewal) and shall be consecutively numbered in each territory.

iv. In the event action is being taken under N.J.A.C. 11:3-8.5(a)3, the notice shall specify that the action is being taken in accordance with N.J.A.C. 11:3-8.5(a)3 (one nonrenewal for each two newly insured automobiles) and shall be consecutively numbered in each territory.

2. Notices of nonrenewal shall include or be accompanied by the statement prescribed in (f)2i below which shall be clearly and prominently set out in boldface type or other manner which draws the reader's attention.

i. Notices of nonrenewal must set forth: "If you have reason to believe that our decision to nonrenew your policy is not in compliance with New Jersey Regulation N.J.A.C. 11:3-8, you should file a written complaint with the New Jersey Department of Banking and Insurance, Division of Enforcement and Consumer Protection, PO Box 329, Trenton, NJ 08625-0329. Your written complaint should indicate the facts on which you are basing your complaint."

3. Each notice of nonrenewal sent in accordance with (f)1iii and iv above shall be accompanied by a copy of the notice contained in Appendix Exhibit A, incorporated herein by reference.

(g) Nothing in this subchapter shall be construed as prohibiting a renewal policy from being issued for higher limits of coverage and/or additional coverage(s), provided that such additional protection is specifically requested by the insured and the insurer is willing to provide it. Conversely, nothing shall prohibit the renewal policy from being issued for lower limits of coverage and/or fewer coverages provided that such reduction in protection is specifically requested by the insured and further provided that coverage in no case shall fall below the level or levels otherwise required by law.

(h) In any instance in which an insurer may, pursuant to the provisions of this subchapter, nonrenew an automobile policy, it may, in lieu of the nonrenewal and in compliance with such provisions, condition the renewal of the policy upon a change of limits or elimination of any coverage not required by law.

(i) A notice of nonrenewal shall not be valid unless it is issued in accordance with N.J.A.C. 11:3-8.3 and authorized by the Commissioner of Banking and Insurance pursuant to N.J.A.C. 11:3-8.4 and 8.5.

Amended by R.1973 d.30, effective January 25, 1973.
See: 4 N.J.R. 305(b), 5 N.J.R. 48(a).

Amended by R.1976 d.328, effective October 18, 1976.
See: 8 N.J.R. 421(a), 8 N.J.R. 516(e).

Amended by R.1977 d.100, effective March 23, 1977.
See: 9 N.J.R. 178(b).

Amended by R.1977 d.437, effective January 1, 1978.
See: 9 N.J.R. 435(d), 9 N.J.R. 586(b).

Amended by R.1983 d.190, effective June 6, 1983.
See: 15 N.J.R. 231(a), 15 N.J.R. 927(a).

Recodified from 11:3-8.1. Replaced (d).

Amended by R.1986 d.418, effective October 6, 1986.
See: 18 N.J.R. 1079(a), 18 N.J.R. 2039(a).

Emergency Amendment, R.1990 d.626, effective November 26, 1990, operative April 1, 1991 (expired January 25, 1991).
See: 22 N.J.R. 3766(b).

Recodified from 11:3-8.2. In (f)1i, added notice of eligibility points and added ii-iv.

Adopted Concurrent Proposal, R.1991 d.89, effective January 25, 1991, operative April 1, 1991.

See: 22 N.J.R. 3766(b), 23 N.J.R. 507(a).

Provisions of emergency amendment R.1990 d.626 readopted without change.

Amended by R.1991 d.45, effective February 4, 1991.

See: 22 N.J.R. 1678(a), 23 N.J.R. 306(b).

In (f): revised address in (f)2i and deleted NJAFIUA reference in (f)3, adding text "... a residual market mechanism created by statute."

Amended by R.1998 d.43, effective January 20, 1998.

See: 29 N.J.R. 3107(a), 30 N.J.R. 366(b).

In (f), added 3 and 4.

Amended by R.1999 d.270, effective August 16, 1999.

See: 30 N.J.R. 2564(a), 31 N.J.R. 2383(b).

In (b), rewrote the last sentence; rewrote (c); in (f), changed N.J.A.C. references throughout, rewrote the introductory paragraph in 1, deleted "applicable to the nonstandard rate level of an approved standard/nonstandard rating plan" following "rules" in the first sentence of 1ii, and deleted a former 4; and rewrote (i).

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

In (a), substituted "policyholder" for "in a policy"; and in (f), inserted "named policyholder" following "to the insured".

Case Notes

Notices of nonrenewal must be sent in strict compliance with statutory provisions. *Lopez v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 239 N.J.Super. 13, 570 A.2d 994 (A.D.1990), certification denied 122 N.J. 131, 584 A.2d 206.

Renewal policy need not be issued until premium is paid. *Lopez v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 239 N.J.Super. 13, 570 A.2d 994 (A.D.1990), certification denied 122 N.J. 131, 584 A.2d 206.

Insurance agent who continued to service insurer's policyholders subsequent to termination with insurance company, established prima facie case of quasi-contract. *Cohen v. Home Ins. Co.*, 230 N.J.Super. 72, 552 A.2d 654 (A.D.1989).

Policy binder in effect for more than 60 days held to provide coverage in absence of formal notice of cancellation, despite lack of any

premium payment and knowledge that insurer would not issue policy. *Miney v. Baum*, 170 N.J.Super. 282, 406 A.2d 234 (Law Div.1979).

Provision that no insurer shall refuse to renew coverage without consent of the Commissioner upheld against constitutional challenges. *Sheeran v. Nationwide Mutual Insurance Co., Inc.*, 80 N.J. 548, 404 A.2d 625 (1979).

Under assigned risk automobile insurance plan, 45 day notice sufficed for non-renewal expiration; broker held to have breached duty to insured in failing to advise him of ramifications of expiration. *Commercial Union Assurance Companies v. State Farm Mutual Automobile Insurance Co.*, 158 N.J.Super. 326, 385 A.2d 1286 (Law Div.1978).

Proof of mailing of notice of cancellation held to be conclusive proof of provision of such notice to insured. *Weathers v. Hartford Insurance Group*, 77 N.J. 228, 390 A.2d 548 (1978).

Insured's latest accident justifies insurer declining coverage. *Hakim v. State Farm Insurance Company*, 97 N.J.A.R.2d (INS) 20.

11:3-8.4 Standards of nonrenewal—ineligible persons

(a) An insurer may issue a notice of nonrenewal to any person who is not an eligible person as defined in N.J.A.C. 11:3-34.

1. For the purpose of determining whether a person is an eligible person who must be renewed, an insurer shall consider those eligibility points accrued only in the 36-month period ending 90 days prior to the expiration of the current policy.

2. An insurer shall not issue a notice of nonrenewal for the reason that a member of the insurer's household is not an eligible person unless the member of the insured's household usually accounts for 10 percent or more of the use of the vehicle insured for the purpose of this section:

i. Any driver who is the principal driver of an automobile shall be presumed not to account for 10 percent or more of the use of any other automobile in the household.

ii. Except when there are more automobiles than drivers in the household, a person shall be presumed not to be the principal driver of more than one automobile.

3. No insurer shall issue a notice of nonrenewal to any person qualified to be renewed in accordance with the insurer's filed and approved underwriting rules.

(b) An insurer which has filed a tier rating plan pursuant to N.J.A.C. 11:3-19A may issue notices of intention not to renew any insured who is not an eligible person and who no longer qualifies for any rate level in accordance with its approved underwriting rules.

Amended by R.1983 d.190, effective June 6, 1983.

See: 15 N.J.R. 231(a), 15 N.J.R. 927(a).

Recodified from 11:3-8.1(e)-(g).

Amended by R.1986 d.418, effective October 6, 1986.

See: 18 N.J.R. 1079(a), 18 N.J.R. 2039(a).

Emergency Repeal and New Rule, R.1990 d.626, effective November 26, 1990, operative April 1, 1991 (expired January 25, 1991).

See: 22 N.J.R. 3766(b).

Recodified from 11:3-8.3.

Adopted Concurrent Proposal, R.1991 d.89, effective January 25, 1991, operative April 1, 1991.

See: 22 N.J.R. 3766(b), 23 N.J.R. 507(a).

Provisions of emergency repeal and new rule R.1990 d.626 readopted with changes.

Amended by R.1999 d.270, effective August 16, 1999.

See: 30 N.J.R. 2564(a), 31 N.J.R. 2383(b).

In (a)3, substituted "filed and approved underwriting rules" for "underwriting rules filed and approved pursuant to N.J.A.C. 11:3-35" at the end; and in (b), substituted a reference to tier rating plans for a reference to standard/nonstandard rating plans, and changed N.J.A.C. reference.

Case Notes

Nonmailing or mailing of renewal offer for New Jersey Automobile Full Insurance Underwriting Association policy by mail less than 30 days before expiration date results in coverage beyond expiration date for reasonable period. *Gatto v. New Jersey Auto. Full Ins. Underwriting Ass'n*, 284 N.J.Super. 665, 666 A.2d 204 (A.D.1995).

Charge to which insured pleaded guilty in New York, operating a motor vehicle while under the influence, was substantially similar in nature to an offense in New Jersey and justified nonrenewal of automobile policy. *Chillemi v. Selective Insurance*, 95 N.J.A.R.2d (INS) 89.

At fault accident in which insured was involved was an event under automobile policy giving insurer right to decline renewal. *Wenzler v. ITT Hartford*, 95 N.J.A.R.2d (INS) 47.

Police report established five-point at fault accident which, when combined with six-point speeding violations, justified insurer in declining to renew automobile policy. *Fichera v. Liberty Mutual*, 95 N.J.A.R.2d (INS) 41.

Renewal of automobile policy for one period despite accumulation of points did not preclude nonrenewal in next period for same points. *Liberty Mutual v. Lee*, 95 N.J.A.R.2d (INS) 38.

Accumulation of nine or more points by member of insured's household justified nonrenewal of auto policy, *Pandola v. State Farm*, 95 N.J.A.R.2d (INS) 32.

Insured at-fault for automobile accident; insured could decline to renew insurance. *AMICA Mutual Insurance Co. v. Farley*, 93 N.J.A.R.2d (INS) 51.

11:3-8.5 Other nonrenewals—standards

(a) Subject to the limitation set forth in N.J.A.C. 11:3-8.6, an insurer may issue a notice of nonrenewal to an insured, in the following instances:

1. In accordance with N.J.S.A. 17:29C-7.1f, when the policyholder or other person insured under the policy either has:
 - i. Provided false or misleading information in connection with an application or renewal of coverage, or as part of a claim for benefits; or
 - ii. Failed to provide the minimum information necessary to accurately rate the policy or renewal.
2. In accordance with N.J.S.A. 17:29C-7.1b, an insurer may nonrenew the policies of two percent of the insurer's in force voluntary market policies in each rating territory.
3. In accordance with N.J.S.A. 17:29C-7.1c, an insurer may nonrenew one automobile for each two automobiles written by the insurer during the same calendar year and in the same rating territory.

Repeal and New Rule, R.1999 d.270, effective August 16, 1999.

See: 30 N.J.R. 2564(a), 31 N.J.R. 2383(b).

Section was "Additional nonrenewals".

11:3-8.6 Limitations on nonrenewal

(a) No insurer shall nonrenew a policy based on N.J.A.C. 11:3-8.5(a)1i without having first conducted an investigation and reported the matter in accordance with the insurer's Fraud Detection and Prevention Plan.

(b) No insurer shall nonrenew a policy for failure to complete and return a renewal questionnaire without having first given written notice to the policyholder one full policy cycle prior to the issuance of the notice of nonrenewal that:

1. At the next renewal, the insurer shall send the policyholder a renewal questionnaire, which must be completed and returned; and
2. Failure to complete and return that renewal questionnaire may result in the nonrenewal of the policy

(c) No insurer shall nonrenew a policy pursuant to N.J.A.C. 11:3-8.5(a)2 and 3:

1. In an amount in excess of 20 percent of the entire private passenger automobile insurance book of business of any one producer in force with the insurer at the end of the previous calendar year; and
2. Unless the insured or any other operator insured under the policy has individually, within five years prior to the expiration of the policy, two or more of the following events:
 - i. An at-fault accident as defined by N.J.A.C. 11:3-34.3;
 - ii. A motor vehicle violation for which four or more automobile insurance eligibility points accumulate under N.J.A.C. 11:3-34.5; or
 - iii. Has failed to maintain insurance coverage without lapse as required by P.L. 1998, c.21 and 22, sec. 4 and 6.

(d) No insurer shall nonrenew a policy pursuant to N.J.A.C. 11:3-8.5(a)3 in any rating territory containing a municipality designated as an automobile urban enterprise zone (UEZ) unless the insurer's aggregate voluntary market share in the UEZs is at least 95 percent of the insurer's Statewide market share excluding UEZs as of the most recent UEZ in force report filed in accordance with N.J.A.C. 11:3-46.13 for the quarter ending September 30.

(e) Except as prohibited by (d) above, an insurer may nonrenew a policy pursuant to N.J.A.C. 11:3-8.5(a)3 in a rating territory where the number of its in-force exposures has increased in the previous year as indicated by the two most recent in-force exposure reports for the quarter ending December 31.

11:3-12.4 Tax and assessment fees; general provisions

(a) Pursuant to N.J.S.A. 17:29A-33 et seq., each automobile filer shall calculate and collect taxes and assessments for its insureds on a flat uniform fee basis per insured automobile statewide.

1. The flat and uniform fee per insured automobile required in (a) above shall be included in all new or renewal automobile policies issued on or after January 1, 1984.

(b) The fee shall be charged on any additional automobile which is acquired during the policy period. The amount of the fee shall be proportional to the remainder of the policy term.

(c) In the event of the cancellation of the policy or the deletion of the automobile from a policy, the fee shall be refunded in proportion to the earned premium for the period that the policy or coverage on the deleted automobile was in force.

11:3-12.5 Filing and reporting requirements

(a) Each automobile insurer shall submit to the Commissioner for approval a rate filing designated to place the premium structure of the filer in compliance with the requirements of the New Jersey Automobile Insurance Reform Act of 1982 and this subchapter.

1. The rate filing submitted to the Commissioner shall include the uniform tax and assessment fee to be used by the filer.

2. Each filer shall submit to the Commissioner for approval any alteration, amendment or supplement to the rate filing specified in (a) above.

(b) Within 30 days of the effective date of this subchapter, every automobile filer shall submit to the Commissioner for approval the rate filing specified in (a) above including the uniform tax assessment fee to be used by the filer in the calendar year commencing January 1, 1984.

(c) All filings required to be submitted pursuant to this subchapter shall be prepared in accordance with insurance laws and regulations including applicable provisions of N.J.S.A. 17:29A-1 et seq. and N.J.A.C. 11:1-2 and the Department's existing filing procedures.

(d) The filing of a rating organization shall be applicable to the members and subscribers of the organization.

1. Members or subscribers may submit to the Commissioner for approval a separate filing which deviates from the rating organization's filing. Such filings shall be prepared and submitted in accordance with the requirements of this subchapter.

(e) The Commissioner may require the filing of such additional data or information as he deems necessary to

implement the provisions of this subchapter, including, but not limited to, premium information on miscellaneous coverages such as rental reimbursement, additional personal injury protection and underinsured motorists as well as excess limits premiums for bodily injury and property damage liability coverages.

Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

**SUBCHAPTER 13. COLLISION AND
COMPREHENSIVE COVERAGE
DEDUCTIBLES AND OPTIONS**

11:3-13.1 Purpose

The New Jersey Automobile Insurance Reform Act of 1982 (N.J.S.A. 17:29A-39) requires that each insurer offer a range of deductibles up to at least \$2,000 for private passenger automobile collision and comprehensive coverage. This subchapter provides rules for the implementation of the requirement and provides other options that insurers shall offer.

As amended, R.1984 d.3, effective January 4, 1984. Originally filed as an emergency amendment R.1983 d.537.

See: 15 N.J.R. 1961(a), 16 N.J.R. 246(c).

Range of deductibles increased to \$2,000; coinsurance options added.

Amended by R.1987 d.142, effective March 16, 1987.

See: 19 N.J.R. 46(a), 19 N.J.R. 455(a).

Deleted (a)1 through i.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Amended by R.1998 d.594, effective December 21, 1998.

See: 30 N.J.R. 2567(a), 30 N.J.R. 4446(a).

Added "and provides other options that insurers shall offer" at the end.

11:3-13.2 Scope

This subchapter applies to every insurer authorized to transact the business of automobile insurance in this State and every rating organization engaged in the business of rate-making for such insurers.

Case Notes

Insured had no right to jury trial in action seeking personal injury protection benefits from insurer. *Manetti v. Prudential Property and Casualty Insurance Co.*, 196 N.J.Super. 317, 482 A.2d 520 (App.Div. 1984).

11:3-13.3 Deductibles for private passenger automobile collision and comprehensive coverages

(a) Paragraphs (a)1 and 2 below set forth the minimum schedules of deductibles for private passenger automobile collision and comprehensive coverages which each insurer shall offer, effective January 1, 1984, pursuant to N.J.S.A. 17:29A-39.

1. Deductibles for collision coverage:

\$100.00	\$1,000.00
\$150.00	\$1,500.00
\$250.00	\$2,000.00
\$500.00	

i. An insurer may offer a \$200.00 collision deductible in lieu of, or in addition to, the \$250.00 deductible contained in (a)1 above.

2. Deductibles for comprehensive coverage:

	\$ 500.00
\$100.00	\$1,000.00
\$150.00	\$1,500.00
\$250.00	\$2,000.00

i. An insurer may offer a \$200.00 comprehensive deductible in lieu of, or in addition to, the \$250.00 deductible contained in (a)2 above.

(b) In addition to the required schedules in (a) above, an insurer may offer other intermediary ranges of deductibles as well as deductibles which are in excess of \$2,000.

1. The offering of such intermediary and additional deductibles shall be subject to the Commissioner's approval as set forth in N.J.A.C. 11:3-13.4.

(c) Insurers may offer actual case value comprehensive coverage.

As amended, R.1984 d.3, effective January 4, 1984. Originally filed as an emergency amendment R.1983 d.537.

See: 15 N.J.R. 1961(a), 16 N.J.R. 246(c).

Deductibles of \$1,500.00 and \$2,000.00 added.

Amended by R.1987 d.142, effective March 16, 1987.

See: 19 N.J.R. 46(a), 19 N.J.R. 455(a).

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

11:3-13.4 Filing and reporting requirements

(a) The filing of a rating organization shall be applicable to the members and subscribers of the organization who have authorized the organization to file on their behalf.

1. Members or subscribers may submit to the Commissioner for approval a separate filing which deviates from the rating organization's filing. Such filings shall be prepared and submitted in accordance with the requirements of this subchapter.

As amended, R.1984 d.3, eff. January 4, 1984. Originally filed as an emergency amendment R.1983 d.537.

See: 15 N.J.R. 1961(a), 16 N.J.R. 246(c).

The text of 13.4 was recodified to this cite and amended to reference coinsurance options.

Amended by R.1987 d.142, effective March 16, 1987.

See: 19 N.J.R. 46(a), 19 N.J.R. 455(a).

This section was recodified from section 5. The old section 4 "Coinsurance options applicable separately to private passenger automobile collision and comprehensive coverages" was originally filed as an emergency amendment as R.1983 d.537 and was readopted effective January 4, 1984 as R.1984 d.3.

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Deleted former (a) and (b); and recodified former (c) to (a).

11:3-13.5 Named excluded driver

(a) For purposes of this subchapter, a "named excluded driver" means a driver who is specifically identified in the endorsement as a person who is excluded from physical damage coverage for specified automobile(s) and whose operation of a specified automobile(s) covered under the policy at the time of an accident would result in the denial of a physical damage claim for that automobile(s) made by the named insured or any loss payee. For the purpose of this section, physical damage coverage means both collision and comprehensive coverages (also referred to as "other than collision" coverage), or comprehensive coverage if purchased on a stand-alone basis.

(b) The premium charged for the physical damage coverage on the specified automobile(s) to which the named excluded driver endorsement applies shall not reflect the claim experience or driving record or rating classification of the named excluded driver or drivers.

(c) The named excluded driver endorsement shall be made available by personal private passenger automobile insurers to their insureds. Election of a named excluded driver endorsement shall be in writing and signed by a named insured in accordance with the subchapter Appendix incorporated herein by reference. The named excluded driver endorsement shall continue in force for the specified automobile(s) on subsequent renewal or replacement policies unless:

1. The specified automobile(s) is removed from the policy;

2. A new automobile replaces the specified automobile(s) on the policy; or

3. The insurer or its authorized representative receives a written request signed by a named insured electing to discontinue the endorsement.

(d) The request to exclude or reinstate a named driver shall become effective in the following manner:

1. For new policies, the request shall become effective on the date of issuance;

2. For mid-term policy changes, the request shall be effective the day following the date of postmark or, when personal delivery is made or if the postmark is illegible, the day following the receipt by the insurer or insurance producer of the signed Request To Exclude Named Driver form or request to reinstate the excluded driver;

3. For changes upon renewal, the changes shall be effective on the date of the next policy renewal if postmarked or received by the insurer or by an insurance producer prior to the renewal date.

(e) The named excluded driver(s) and vehicle(s) shall be listed on the declaration page or on a supplemental declaration page.

SUBCHAPTER 16. RATE FILING
 REQUIREMENTS: VOLUNTARY MARKET
 PRIVATE PASSENGER AUTOMOBILE
 INSURANCE

11:3-16.1 Purpose and scope

(a) This subchapter establishes data, filing format and preferred ratemaking requirements for all private passenger automobile rate filings for the voluntary market, in implementation of N.J.S.A. 17:29A-1 et seq. and as required by N.J.S.A. 17:29A-36.2.

(b) This subchapter applies to all insurers making private passenger automobile insurance rate filings for the voluntary market in this State.

(c) These requirements apply to all rate or loss cost filings made by insurers for the revision of base rates or loss costs; informational filings to be made on July 1 of each year pursuant to N.J.S.A. 17:29A-36.2b; and those filings made under N.J.S.A. 17:29A-46.6.

(d) Any insurer wishing to effect the rate level by changing rates, rules or forms must file data pursuant to this subchapter.

(e) This subchapter establishes data requirements and filing procedures for insurers participating in rating organizations to adopt or modify a rating organization's prospective loss cost filing for private passenger automobile insurance.

(f) This subchapter applies to all rating organizations that file prospective loss costs and all insurer filings that adopt or modify a rating organization's prospective loss cost filing for private passenger insurance made pursuant to N.J.S.A. 17:29A-1 et seq. and 17:33B-31.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Expanded (d) to require filing of data pursuant to this subchapter. Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted without change.

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

In (c), inserted references to loss costs throughout, and substituted a reference to N.J.A.C. 17:29A-46.6 for a reference to N.J.A.C. 17:29A-44 at the end; and added (e) and (f).

11:3-16.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Accident year” means the 12-month period covering the occurrences during that period.

“Advisory organization” means every group, association or other organization of insurers, whether located within or outside this State, which assists insurers which make their own filings or rating organizations, in ratemaking, by the collection and furnishing of loss or expense statistics, but which does not make filings.

“Affiliate” means an insurer that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the insurer making a filing.

“AIRE” means the Automobile Insurance Risk Exchange, established pursuant to N.J.S.A. 39:6A-21.

“All other coverages” means insurance for towing and labor, accidental death and dismemberment, extended medical benefits, additional personal injury protection, rental reimbursement and any other items included in Lines 19.1, 19.2 or 21.1 of New Jersey Page 14 of the Statutory Annual Statement, which are for private passenger automobile non-fleet exposures, except those items defined as “coverages.”

“Base rate” means the rate inclusive of expense fee by coverage for basic limit of liability or \$500.00 deductible collision or comprehensive for a single car adult pleasure risk.

“Case reserves” means the reserves for reported claims whether determined by judgment or set by formula.

“Claim” means a request for payment for a loss which comes under the terms of an insurance contract.

“Commissioner” means the Commissioner of the New Jersey Department of Banking and Insurance.

“Consistent levels” means the same point in time, but not a future point in time.

“Control” is as defined in N.J.S.A. 17:27A-1.

“Coverages” means insurance for bodily injury liability, property damage liability, basic personal injury protection, collision, comprehensive and uninsured/underinsured motorists.

“Department” means the New Jersey Department of Banking and Insurance.

“Expenses” means that portion of a rate that is attributable to commissions and brokerage, other acquisition expenses, general expenses, taxes, licenses and fees and Unsatisfied Claim and Judgement Fund (“UCJF”). Expenses do not include Automobile Insurance Risk Exchange (“AIRE”).

“Exposure” means one car insured for one year, or two cars insured for six months each, etc.

“External trend data” means trend data derived from experience other than on policies issued by the filer.

“Filer” means any insurer or rating organization who makes an annual informational filing or rate filing requiring prior approval pursuant to these rules.

“Group of coverages” means liability coverages (to include bodily injury liability, property damage liability, personal injury protection and uninsured/underinsured motorists) and physical damage coverages (to include collision and comprehensive).

“IBNR” or “incurred but not reported loss” means losses which have been incurred but have not yet been reported as of a specified date.

“Informational filing” means a filing made annually on July 1 in accordance with N.J.S.A. 17:29A-36.2b.

“Internal trend data” means trend data derived from the experience of the filer related to the policies it issues.

“Loss cost multiplier” means the adjustment reflecting expenses, profit loading and any modifications that the insurer used on the loss costs to produce final rates.

“Loss development triangle” means a display of losses showing accident year data by evaluation date. The accident years shall be shown vertically and the evaluation dates shown horizontally. The first evaluation date shall be three months after the end of the accident year; subsequent evaluations shall be at 12-month intervals. IBNR shall be shown as a separate number at the latest evaluation date for each year displayed.

“Rating organization” means every person or persons, corporation, partnership, company, society, or association engaged in the business of ratemaking for two or more insurers.

“Prior approval filing” means a filing made pursuant to N.J.S.A. 17:29A-14 and N.J.A.C. 11:3-16.6 to alter, supplement or amend rating system or any part thereof.

“Prospective loss cost” means that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.

“Rate” means the unit charge by which the measure of exposure or the amount of insurance specified in a policy of insurance or covered thereunder is multiplied to determine the premium. The unit charge may be expressed as a single number or as a prospective loss cost and an adjustment to account for the treatment of expenses, profit and variations in loss experience.

“Rating system” means every schedule, class, classification, rule, guide, standard, manual, table or rating plan by whatever name described containing the rates and rules used by any insurer in determining or ascertaining a rate.

“Reasonable total rate of return” means that rate of return appropriate for an enterprise given the risk involved.

“Small filer” means a filer with less than 0.5 percent of the New Jersey written premiums in the voluntary market for private passenger automobile insurance for the most recently available prior calendar year.

“Supplementary rate information” means any manual, statistical plan, classification, rating schedule, rating rule and any other rule used by an insurer in making rates. This includes policy writing rules, rating plans, territory codes and descriptions and rules, which include factors or relativities such as increased limits factors, deductible discounts or relativities, classification relativities or similar factors used to determine the rate in effect or to be in effect.

“Tier” and “tier rating system” refer to one or more underwriting rules, filed and approved pursuant to N.J.S.A. 17:29A-46.1 et seq. and N.J.A.C. 11:3-19A which defines and characterizes one or more mutually exclusive groups of insureds.

“Total rate of return” means underwriting return and investment return on both reserves plus capital and surplus, related as a percentage to capital and surplus.

“UCJF” means the Unsatisfied Claim and Judgment Fund, established pursuant to N.J.S.A. 39:6-61 et seq.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Added definitions for “advisory organization”, “affiliate”, “base rate”, “control”, “group of coverages”, “MTF”, “NJAFIUA” and “rating organization”.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1993 d.158, effective April 5, 1993.

See: 24 N.J.R. 4486(a), 24 N.J.R. 56(a), 25 N.J.R. 1543(a).

Added “Amount(s) paid to the MTF”.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Deleted definition of “Public Advocate”.

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Inserted “Expenses”: in “Filer”, inserted a reference to rating organizations, and deleted a reference to flex rate filing; deleted “Flex rate” and “Flex rate filing”; and inserted “Loss cost multiplier”, “Prior approval filing”, “Prospective loss cost”, “Rate”, “Supplementary rate information”, and “Tier” and “tier rating system”.

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Deleted “AIP”, “Amount(s) paid to the MTF”, “MTF” and “NJAFIUA”; in “All other coverages”, inserted “New Jersey” preceding “page 14”.

11:3-16.3 General requirements and filing format

(a) The data requirements set forth in this subchapter are minimum requirements. The filer may submit any other data it believes to be relevant in justifying proposed rate changes. If the filer has not collected portions of this information in the past, or has not collected it in a form so as to facilitate reporting, it is not required to compile it retrospectively.

(b) Separate insurance companies that are affiliated by a parent-subsidiary or any group relationship and that choose to submit a single filing for the group shall provide the minimum data requirements set forth in N.J.A.C. 11:3-16.8 and 16.9, and make the rate level calculation set forth in N.J.A.C. 11:3-16.10, either:

1. Separately for each company with a different rate level or different underwriting guidelines; or
2. Combined for those companies of the group which use a common rating system, including both base rates and underwriting guidelines, or when the difference is based only on expense differences.

(c) Small filers need not provide all of the information required by N.J.A.C. 11:3-16.8(c) and (d); more limited requirements are set forth in those sections. Notwithstanding this, any filing by a small filer for a rate change shall include sufficient justification for all factors used.

(d) All filings shall be submitted to the Department at the following address:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
PO Box 325
Trenton, New Jersey 08625-0325

(e) All filings shall be accompanied by a Filing Source Document MARS001, incorporated herein by reference as Exhibit A, in the Appendix of N.J.A.C. 11:1-2.

(f) All filings shall be accompanied by the following certification signed by an officer of the filer: "I _____ certify that the attached filing complies with all statutory and regulatory requirements and that all the information it contains is true and accurate. I further certify that I am authorized to execute this certification on behalf of the filer."

(g) Each filer shall submit prior approval filings in loose leaf form inserted into standard three-ring binders. The loose leaf sheets used in the filing shall be 8.5 inches wide and 11 inches long and punched for three hole standard binders. Only one side of the page shall be used. Each page shall be consecutively numbered. A total of three copies shall be submitted.

(h) The margin at the top of each page shall show the filer's name, filer's identifying number for this filing, NAIC

company number(s) and NAIC group number. The right hand side of the page shall show the section, exhibit and sheet number.

(i) All data shall be reported on a direct basis exclusive of business ceded to reinsurers or reinsurance assumed from other companies. Notwithstanding this provision, transactions with the UCJF shall be reported as set forth in N.J.A.C. 11:3-16.8(d)1, 11:3-16.9(a)3 and 11:3-16.10(c)3.

(j) Data submitted in any prior approval rate or loss cost filing shall report only voluntary market experience and shall not include experience derived from risks insured through any assigned risk plan established pursuant to N.J.S.A. 17:29D-1. For the purpose of this subsection, "voluntary market" shall include risks insured by the filer in the voluntary market during any period of time certified by the Commissioner for the cessation of acceptance of applications or the issuance of new policies by the assigned risk plan pursuant to N.J.S.A. 17:29D-1d.

(k) Where the application is by an insurer that is a member of a rating organization, the insurer may refer to the data filed by the rating organization to comply with the requirements set forth in:

1. N.J.A.C. 11:3-16.6(a)1, 2, 3, 4 and 6, (b) and (c);
2. N.J.A.C. 11:3-16.8(a)1 through 7, and (d) through (j);
3. N.J.A.C. 11:3-16.9(b)1 and 2;
4. N.J.A.C. 11:3-16.10(c), (d) and (f).

(l) Regarding applications made in accordance with (k) above, the insurer shall remain responsible for compliance with the individual company reporting under:

1. N.J.A.C. 11:3-16.6(a)1, 2, 3 and 5, (b) and (c);
2. N.J.A.C. 11:3-16.8(a)8, (b), (c), (h), (i) and (j);
3. N.J.A.C. 11:3-16.9(a), (b)3, 4 and 5, (c), (d), (e) and (f);
4. N.J.A.C. 11:3-16.10(a), (b), (e) and (g).

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Provisions added to confirm that rate filings should contain only voluntary market data and not include data from risks that may be insured through the assigned risk plan to be instituted pursuant to section 34 of the Act.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Deleted requirement to send filings to the Public Advocate.

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

In (a), deleted the former fourth and fifth sentences; in (d), changed the mailing address; deleted former (i); recodified former (j) as (i);

recodified former (k) as (j), and substituted "prior approval rate or lost cost" for "rate" in the first sentence; and added new (k) and (l). Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Amended by R.2002 d.101, effective April 1, 2002.

See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

Rewrote (e).

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

In (g), added "A total of three copies shall be submitted." at the end of the paragraph.

11:3-16.4 Insurer informational filings due July 1 of each year

(a) Informational filings shall be made by all insurers transacting private passenger automobile insurance in the voluntary market, including all individual members and subscribers of rating organizations, pursuant to N.J.S.A. 17:29A-36.2b.

(b) The information filing shall consist of the following documents:

1. The insurer's Excess Profits Report for each company filed pursuant to N.J.A.C. 11:3-20. In lieu of providing copies, the filer may submit a certification of an officer that the report has been filed and is incorporated by reference.

2. Such other specific information on a particular subject at a particular time as the Commissioner may require by Order.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Deleted (b)2. through 8.; added new 2.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1995 d.171, effective March 20, 1995.

See: 27 N.J.R. 41(a), 27 N.J.R. 1190(b).

11:3-16.5 (Reserved)

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Amended to implement provisions of the Fair Automobile Insurance Reform Act of 1990, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted without change.

Amended by R.1992 d.189, effective April 20, 1992.

See: 23 N.J.R. 3199(a), 24 N.J.R. 1504(a).

Rate calculation to be included in memo.

Amended by R.1995 d.171, effective March 20, 1995.

See: 27 N.J.R. 41(a), 27 N.J.R. 1190(b).

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Repealed by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Section was "Insurer flex rate filings".

11:3-16.6 Insurer filings for rates requiring prior approval

(a) Any insurer that desires to modify its rates or rating systems in a manner other than that provided by N.J.S.A. 17:29A-46.6 shall provide the following information in support of its application:

1. A cover letter notifying the Department of its intention to modify its rating system in a manner that requires prior approval, pursuant to N.J.S.A. 17:29A-14; a statement describing the proposed changes, which shall include the proposed effective date of the change, and the name, telephone number and mailing address of the company officer familiar with the filing, to whom inquiries about the filing may be directed;

2. A checklist that sets forth the information in Exhibit A in the Appendix incorporated herein by reference;

3. Exhibit E in the Appendix, incorporated herein by reference.

4. A narrative overview that sets forth the contents of the filing, and explains the reasons and procedures used to derive the rate change requested;

5. Data concerning the premiums or loss costs, losses and loss adjustment expenses, as specified in N.J.A.C. 11:3-16.8;

6. With the exception of rating organizations, data concerning the expense and profit provisions, as set forth in N.J.A.C. 11:3-16.9;

7. Rate collections or loss cost calculations, as set forth in N.J.A.C. 11:3-16.10; and

8. Data described in N.J.A.C. 11:3-16.8(e) (loss development) and 16.9(c)2, 3 and 4 (cash-flow patterns) shall be submitted in written copy and, except for purely textual information, on an MS-DOS formatted 3.5 inch 1.44 MB disk or a CD-ROM. Filers with fewer than 20,000 exposures in the prior year are exempt from submitting the formatted disk. The information shall be provided in a Microsoft Excel 97 or compatible spreadsheet. The left and top margins of each page shall indicate the row and column respectively of all data on the page. Each page of written copy shall also display in the bottom right corner the name of the computer file and disk on which it is contained. All calculated values shall be given as a formula in the spreadsheet.

(b) All rate filers shall submit data in support of their application for approval of their proposed rating system based on their own loss experience to the extent it is credible (N.J.A.C. 11:3-16.8), their own expense and profit provisions (N.J.A.C. 11:3-16.9) except rating organizations, and their own rate or loss cost calculation (N.J.A.C. 11:3-16.10). Those filers who refer, without deviation, to the loss experience data of a rating organization shall not be required to file their own loss experience data.

(c) Upon approval, insurers shall file manual rating pages on or before the effective date of the rates. In the case of rating organizations, the manual rating page shall reflect the loss cost information.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Provisions to implement the Fair Automobile Insurance Reform Act of 1990, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted without change.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Amended (a)1 and 5, and added (a)6.

In (a)1 eliminated the exclusion of the policy constant and RMEC from the grand total.

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

In (a), inserted a reference to loss costs in 4, added an exception at the beginning of 5, inserted a reference to loss cost calculations in 6, and changed N.J.A.C. references and deleted a reference to 5.25 inch 360 KB disks in 7; in (b), inserted an exception relating to rating organizations and inserted a reference to loss cost calculations in the first sentence, and added a second sentence; and rewrote (c).

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Rewrote the section.

11:3-16.7 (Reserved)

Emergency Repeal and New Rule, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Formerly entitled Rating Organization Filings; new rule to implement section 69 of the Fair Automobile Insurance Reform Act of 1990, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1995 d.288, effective June 5, 1995.

See: 27 N.J.R. 1356(a), 27 N.J.R. 2232(b).

Rewrote (i), extending its application indefinitely.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

In (a)4v substituted "costs" for "cuts", and rewrote (i) to eliminate model year limitation.

Repealed by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Section was "Jointly developed historical data".

11:3-16.8 Premiums, loss costs, loss and loss adjustment expense data

(a) Filers shall provide the following data regarding New Jersey premium, loss and loss adjustment expenses, for the latest three years, and, where applicable, at either total limits and/or basic limits:

1. For each coverage, or combined coverages when the premium, or loss cost, is inseparable, calculate direct earned premium, or loss cost, at present rates using either the extension of exposures or on level factor methodologies. Provide the rate level history. Provide the underlying calculations and indicate how such calculations were produced and supply supporting documentation for a sample

of such calculations and justifications of any factors used where the on level factor methodology is used.

2. For each coverage and each accident year used in setting the overall rate level, the following information:

- i. Direct earned exposures measured in car years;
- ii. Direct incurred losses;
- iii. Applicable loss development factors (aged-to-ultimate);
- iv. Paid or incurred defense and cost containment expenses (allocated loss adjustment expenses);
- v. Paid or incurred adjusting and other expenses (unallocated loss adjustment expenses) shall be provided on a countrywide basis as reported in the Insurance Expense Exhibit;
- vi. Ultimate incurred losses and loss adjustment expenses;
- vii. Trend factors; and
- viii. Trended ultimate incurred losses and loss adjustment expenses.

3. Whenever New Jersey losses are separated into catastrophe and non-catastrophe losses, include a clear description and justification of the standard used to separate such losses. In determining a catastrophe loading, include as many years of data as available but at least 10 years. Provide an explanation if the data base from which the catastrophe loading is derived differs from that on which the rate level change is based.

4. Territorial rate calculations including earned premiums or loss costs, earned exposures, incurred losses, and the number of claims by territory separately for each coverage and each of the years used to determine the territorial relativities, or for each of the last three years, whichever is greater, if there is a change in the territorial relativities.

5. All information related to the derivation of classification differentials contained in the filing. Include the information in (a)5i through iii below. Compliance with this paragraph is only necessary if there is a change in the classification relativities.

- i. All data and worksheets used and judgments made;
- ii. A description of the methodology used to arrive at the differentials; and
- iii. A description of the application of the methodology to this filing.

6. For all incurred loss adjustment expense data contained in the filing, show the related incurred losses used to determine any loss adjustment expense loadings.

7. Tier relativity calculations including earned premiums or loss costs, earned exposures, incurred losses, and the number of claims by tier separately for each coverage and each of the years used to determine the tier relativities, or for each of the last three years, whichever is greater. Compliance with this paragraph is only necessary if there is a change in the tier relativities.

8. For each coverage, provide total earned premium at present rates and earned premium at present rates excluding expense fees.

9. Attach a copy of the filer's most recent Statewide exposure distribution of voluntary written exposure and classification report filed pursuant to N.J.A.C. 11:3-16.15(b) (Appendix Exhibit I). Those insurers authorized by the Department to employ an alternative use classification system, shall file a statement relating its classification system to the primary use classification system identified herein.

10. Provide the primary classification factors that are used in the determination of rates for the classification listed in N.J.A.C. 11:3-16.15(d).

(b) In the event a filer's percentage of pleasure use classification as reflected in (a)9 above is greater than the mean as established each year pursuant to N.J.A.C. 11:3-16.15(c), the filer shall provide a written explanation why the filer's pleasure use classification exceeds the Statewide mean. This may include verifiable reference to:

1. Marketing activity directed at pleasure or recreational vehicle owners;
2. Sales activity in retirement communities or retirement associations; and
3. Such other factors which would account for a higher pleasure use classification.

(c) The Department shall review the filer's written submission in (b) above and the responses to Appendix Exhibit J. If the Department determines that the filer has failed to present a measurable and verifiable explanation to account for the filer's percentage of pleasure use classification, the Department shall increase the filer's projected premium due to the filer's failure to adhere to efficient rate pursuit procedures and results. The filer's projected premium shall be increased in accordance with the following:

1. Using the filer's classification rating factors, two average classification rating factors shall be calculated;
2. The first average factor shall be calculated by weighing the company's rating factors by the Statewide classification distribution as determined by the most recent voluntary written exposure and primary classification report (N.J.A.C. 11:3-16.15);
3. The second average factor shall be calculated by weighing the company's rating factors by the company's classification distribution; and

4. The increase in the projected premium shall be calculated by the following formula: (Average Factor using Statewide distribution)/(Average Factor using company distribution) x On-level Premium excluding expense fees.

(d) Filers shall provide all information related to the derivation of credibility factors contained in the filing, specifically including the following information:

1. All data and worksheets used and judgments made;
2. A description of the methodology used to derive the factors; and
3. A description of the application of the methodology to this filing.

(e) Each filer, except small filers, shall provide the data in (e)1 through 7 below. Small filers shall provide the data in (e)3 and 4 below:

1. All information related to the derivation of loss development factors contained in the filing specifically including:

- i. All data and worksheets used and judgments made;
- ii. A description of the methodology used to derive the factors; and
- iii. A description of the application of the methodology to this filing.

2. For each coverage, complete paid loss development triangles for the 10 latest available accident years at each and every annual evaluation date from 15 months to 123 months for Personal Injury Protection ("PIP") up to \$75,000, either basic or total Bodily Injury Protection ("BI") and Uninsured/Underinsured Motorists ("UM/UIM"), 15 to 75 months for Property Damage Liability ("PD"), and 15 to 51 months for collision and comprehensive if accident year data is used by the filer to develop its rate or loss cost level indications for collision and comprehensive coverages. Provide the corresponding nine-year, five-year and three-year average loss development factors derivable from these triangles. (These are minimum requirements. The filer may present additional accident years, further evaluation and other averages of factors);

3. The information in (e)2 above for incurred losses;
4. The information in (e)2 above for allocated loss adjustment expenses on a paid or incurred basis. Alternatively, if allocated loss adjustment expenses are not available separately, the filer shall provide incurred losses and allocated loss adjustment expenses combined and so indicate on the filing;
5. The information in (e)2 above for paid claim counts;

6. The information in (e)2 above for incurred claim counts; and

7. A statement regarding any changes in the filer's case loss reserving practices during the last five years.

(f) Each filer, except small filers, shall provide the following data regarding trend factors and their application. Small filers shall provide the data required by (f)2, 4 and 5.

1. All internal loss trend data on a paid and, at the filer's option, incurred basis shown separately for frequency and severity for the latest available five rolling years on a quarterly year ending basis for all coverages for New Jersey. Bodily injury liability and property damage liability trend data shall be given at the same limits as used for (a) above. Basic personal injury protection ("PIP") data shall be given at a per person limit retained by the insurer according to N.J.S.A. 39:6-73.1 (\$75,000 of insurer payments). Physical damage coverages shall be shown on the basis of the \$500.00 deductible or all deductibles combined adjusted to the \$500.00 deductible basis. In the latter case, the filer shall provide an explanation of the methodology for adjusting other than \$500.00 deductible data to the \$500.00 deductible level.

2. All external industry fast track loss trend data on a paid basis shown separately for frequency and severity for the latest available five years on a rolling quarterly year ending basis for all coverages for New Jersey.

3. For all trend data described above, calculate annual trend factors along with "T" statistics and the coefficient of correlation. This shall be done from a least-squares regression with time being the independent variable.

i. Include trend results calculations for at least two of the latest six, nine, 12, 16 and 20-point periods;

ii. Include a side-by-side comparison of the actual data and fitted data; and

iii. Include calculations on both an exponential and straight line basis.

4. All information related to the derivation of trend factors contained in the filing specifically including:

i. All data used, worksheets used, and judgments made;

ii. A description of the methodology used to derive the factors; and

iii. A description of the application of the methodology to this filing.

5. Information, including studies, analyses, and fact sheets regarding the effects of the items described in (d)5i through vi below. Describe in detail the methodologies used in calculating the effects. Provide this information for the following:

i. Changes in seatbelt use;

ii. Use of passive restraint systems, including air bags, and any other safety or anti-theft devices including, but not limited to, anti-lock braking systems; and automatic traction control systems;

iii. Changes in the drinking age;

iv. Changes in the price and amount of fuel purchased;

v. Changes in the average distance driven; and

vi. Other legislative, regulatory, social, or economic factors that have an impact on loss frequency or severity, including, but not limited to, the effects of the Automobile Insurance Cost Reduction Act of 1999, P.L. 3 et seq., the Primary Seat Belt Law of 2000, N.J.S.A. 39:3-76.2a et seq., and the Graduated Licensing Law of 2001, N.J.S.A. 39:3-10 et seq.

(g) Each filer shall provide the following regarding changes in the New Jersey premium or loss cost base and exposures:

1. Data on the mix of written exposures by length of policy for the last three years. Include both the number of written exposures and the amount of written premium or loss cost for different policy terms;

2. Calculate the trend in the average model year and symbol relativities for collision and comprehensive coverages separately during the most recent five calendar years. Explain how these trends were calculated and provide all intermediate calculations. Show the average age/model year and average symbol relativity for each of the latest five calendar years. Include the distributions of written exposure by age/model year and symbol for comprehensive and collision coverages separately for each of the latest five calendar years; and

3. The most recent five-year history of the distribution, by deductible amount, of the written exposures and premium or loss cost of comprehensive and collision coverages purchased.

(h) Filers shall provide the following regarding limitations applicable to the filing:

1. Limitations on losses and/or loss adjustment expenses included in the statistical data used in the filing;

2. Limitations on the extent of the rate level change by coverage;

3. Limitations on the extent of territorial rate changes;

4. Limitations on the extent of classification rate changes;

5. Limitations due to statute; and

6. Any other limitations applied.

(i) Filers shall show the overall Statewide rate change indicated by coverage.

(j) Filers shall provide any additional information specifically requested by the Department which may be necessary to constitute a proper rate filing.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Changes to implement the Fair Automobile Insurance Reform Act of 1990, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1992 d.189, effective April 20, 1992.

See: 23 N.J.R. 3199(a), 24 N.J.R. 1504(a).

Basic limits included at filer's option.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Rewrote the section.

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Rewrote the section.

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Rewrote the section.

11:3-16.9 Data requirements for expense and profit provisions

(a) Filers, not including rating organizations, shall provide the data in (a)1 through 4 below regarding expenses for the latest three calendar years:

1. All information related to the derivation of expense provisions contained in the filing specifically including:

i. All data and worksheets used and judgment made; and

ii. A complete description of the methodology used to derive the provisions;

2. Average incurred expenses per exposure for each of the last three complete calendar years for the following expense categories:

i. Commission and brokerage, from New Jersey Page 14 of the Statutory Annual Statement;

ii. Other acquisition expenses, from Part 3 of the Insurance Expense Exhibit;

iii. General expenses, from Part 3 of the Insurance Expense Exhibit; and

iv. Taxes, licenses, and fees, from New Jersey Page 14 of the Statutory Annual Statement;

3. The derivation of the expense flattening, the calculation of indicated fixed expense fees on a per exposure basis, as required by N.J.S.A. 17:29A-37. The expense flattening calculation shall exclude the UCJF assessment for the excess medical benefits reimbursed to insurers by that fund. The expense shall be applied by coverage; and

4. All data shall be on a direct basis excluding LAD fees and AIRE assessments, AIRE allocation and AIRE investment income.

(b) Filers shall provide the following data regarding proposed rates or loss costs:

1. Proposed rates or loss costs for each territory and coverage together with their derivation;

2. The calculations showing that the proposed rates for each tier are in compliance with N.J.S.A. 17:29A-36. The base class rates for the territorial calculations shall be inclusive of expense fees but exclusive of all discounts. In determining rates for principal operators 65 years of age or older, ratios of rates shall be inclusive of expense fees and exclusive of discounts. The filer's average base rate for each tier shall be determined from each tier's territorial distribution for the latest year of data contained in the filing either:

i. By applying the multiplicative factor for each tier to the Statewide average base rate, which has been calculated by multiplying the standard base rate by the number of risks in each territory without regard to the tier in which those risks reside divided by the total number of risks, or

ii. By applying the territorial distribution for each tier to the base rate for that tier;

3. By coverage, a comparison of average Statewide variable rates, expense fees and average premium proposed and currently in use, along with number of exposures by coverage; and

4. Rating examples as described in the annual premium survey developed in accordance with N.J.A.C. 11:3-45.

(c) Filers shall provide the following data regarding investment earnings:

1. The amount of investment income earned on loss, loss adjustment expense and unearned premium reserves in relation to earned premium for private passenger automobile insurance in New Jersey shall be calculated for the latest two years and estimated for the current year. Calculations should be provided in detail including the amount of the composite reserves of each type (that is, loss, loss adjustment expense and unearned premium) at the beginning and end of each of the specified years;

2. The cash flow pattern from policy inception date until receipt of premium. Show both premium and installment premium. This shall be provided by coverage;

3. The cash flow pattern from policy inception date for commission and brokerage, other acquisition expenses, general expenses, assessments, premium taxes, licenses and fees and any other expense payments; and

4. The cash flow pattern from policy inception date for loss, defense and cost containment expenses (ALAE), and adjusting and other expenses (ULAE).

(d) Filers shall provide the following regarding identification and certification of statistical plans:

1. Identification of all statistical plans used or consulted in preparing the filing; and
2. A certification by an officer on behalf of the filer that the data utilized in the rate filing was collected in accordance with such plans and is a true and accurate representation of the insurer's experience. The certification shall identify any data included in the filing that was not collected in accordance with the statistical plan.

(e) Filers shall provide the following information regarding investment earnings on capital and surplus:

1. Given the selected underwriting profit and contingency provision calculated in N.J.A.C. 11:3-16.10(a)1, the resulting rate of return on equity capital and on total assets, showing the derivation on all factors used to produce the calculation.

(f) Filers shall provide also the following:

1. The amount of finance and other miscellaneous charges collected in New Jersey in connection with the sale of private passenger automobile insurance;
2. A description of all products and services supplied or received in transactions between the filer and a parent company, a wholly-owned subsidiary or an affiliated company; and
3. Any additional information specifically requested by the Commissioner which may be necessary to constitute a proper rate filing.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Changes to implement the Fair Automobile Insurance Reform Act, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

In (b)3 deleted exclusions of residual market equalization charges and policy constants.

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Rewrote (a) and (b); in (c), inserted a new second sentence in 2; and in (e), deleted former 2.

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

In (a), inserted "for the latest three calendar years" at the end of the sentence in the introductory paragraph; and in (a)2, substituted "three" for "five".

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Rewrote (a); in (b), deleted 2 and recodified former 3 as 2 and 4 through 5 as 3 through 4; rewrote (c) and (e).

11:3-16.10 Rate calculation using standard ratemaking methodology

(a) Investment income shall be treated by group of coverages as follows:

1. The calculation of the underwriting profit and contingency provision taking into account investment income on loss, loss adjustment expense, and unearned premium reserves shall be calculated in accordance with the Clifford Formula methodology, wherein the combined after-tax profit from underwriting and investment income on loss, loss adjustment expense, and unearned premium reserves is 3.5 percent of premium. The profit and contingency provision may be calculated using a discounted cash flow method with the cash-flow patterns provided in N.J.A.C. 11:3-16.9(c); otherwise, the company shall provide the information contained in (a)2 through 6 below.

2. No deductions shall be made for prepaid expenses unless there is specific documentation included in the filing that supports the prepayment of those expenses, which shall include the cash flow pattern from policy inception date for commission and brokerage, other acquisition expenses, general expenses, assessments, premium taxes, licenses and fees and any other expense payments.

3. No deductions shall be made for the delayed remission in premiums unless there is specific supporting documentation in the filing verifying such delay in the remission of premiums, which shall include the cash flow pattern from policy inception date until receipt of premium.

4. The ratio of unearned premium reserves to premium shall be obtained from the appropriate line of business from New Jersey Page 14 of the Statutory Annual Statement. The calculations shall be the direct unearned premium reserve divided by the direct premiums written.

5. The ratio of loss reserves to incurred losses shall be on a direct business basis derived from the appropriate line of business from New Jersey Page 14 of the Statutory Annual Statement. The calculations shall be as follows:

- i. The average of the loss reserve (excluding the reserves for excess medical benefits claims over \$75,000) at the beginning of the year and at the end of the year divided by the corresponding incurred losses during the year;

- ii. The ratio of these reserves to corresponding losses incurred shall be calculated for the most recent three calendar years; and

- iii. If there is a monotonic change in these ratios, either up or down, the most recent ratio shall be used in the calculation. If no such trend exists, the unweighted average of the three ratios shall be used in the calculation.

6. The ratio of loss adjustment expense reserves to loss reserves shall be derived from the appropriate line of business from Part 3A—Unpaid Losses and Loss Adjustment Expenses of the Annual Statement. The calculations shall be as follows:

i. The unpaid loss adjustment expense divided by the net losses unpaid excluding loss adjustment expense;

ii. This ratio shall be calculated for the most recent three calendar years; and

iii. If there is a monotonic change in these ratios, either up or down, the most recent ratio shall be used in the calculation. If no such trend exists, the unweighted average of the three ratios shall be used in the calculation.

7. The expected loss and loss adjustment expense ratio shall be one minus the underwriting expense ratio, minus the underwriting profit and contingency ratio derived from the Clifford Formula.

8. The interest rate used in the calculation shall be a simple average of the calculated investment income yield for each of the latest two years, derived in N.J.A.C. 11:3-16.9(c)1 above, or the estimated investment income yield for the current year, whichever is higher.

(b) Underwriting expense provisions shall be determined as follows:

1. New Jersey specific data from New Jersey Page 14 of the Statutory Annual Statement for the past three years shall be used to determine the expense provision for commission and brokerage. Countrywide data for commissions and brokerage is not acceptable. The expense provision shall be calculated as a percentage of New Jersey written premium.

2. New Jersey specific data from New Jersey Page 14 of the Statutory Annual Statement for the past three years shall be used for premium taxes, licenses and fees. The expense provision shall be calculated as a percentage of New Jersey written premium.

3. New Jersey specific data shall be used for assessments.

4. Countrywide data for the latest three calendar years shall be used for general and other acquisition expenses, as reported in Part 3 of the Insurance Expense Exhibit. The expense provision shall be calculated as a percentage of countrywide earned premium.

5. The projected provision for other acquisition expenses and general expenses shall be based on a separate trending of the dollar amounts of these items. These shall not be determined by simply assuming the same ratio of these items to premium in the future as has been the case in the past. The basis of the trend shall be a 50/50 weighting of the trend during the past two years of the monthly All Items Consumer Price Index and monthly average weekly wages for fire and casualty insurance employees as published by the Federal Bureau of Labor Statistics. This shall be performed by calculating through regression analysis the annual trends for the two indices and then averaging these values on an equal basis.

6. In determining the historic expense provision for commission and brokerage, other acquisition expenses and general expenses on a combined basis, the percentage to premium for each year of experience shall be limited as set forth in Exhibit H to the Appendix, incorporated herein by reference.

7. The percentage loading for the UCJF assessment shall be the most recent value established by the Commissioner.

8. The following expense items shall not be incorporated into the expense base for determining rates:

i. Fines against the company;

ii. Lobbying expenses;

iii. Charitable contributions;

iv. Political contributions;

v. Awards against the company itself for punitive damages and for bad faith claims;

vi. Advertising and other expenses incurred in connection with proposed changes in the regulation of insurance; and

vii. Assessments and surtaxes imposed pursuant to N.J.S.A. 17:30A-8(9) and 17:33B-49, respectively.

9. The filing shall include for each of the categories in (b)8 above the dollars of expense that were excluded from the rate base, separately for each year of historic information and separately for each of the above seven categories. If the filer submits a ratemaking methodology that includes these expenses pursuant to (f) below, specific justification for including these expenses shall be included.

10. Commissions for bodily injury liability coverage for the \$0 and verbal threshold shall be equalized in accordance with Exhibit C in the Appendix incorporated herein by reference.

(c) The data base to be used shall be as follows:

1. Accident year data shall be used for all liability coverages. Accident year or calendar year data shall be used for physical damage coverages.

2. The most recent accident year data used in the filing shall end no more than 15 months prior to the date of submission of the filing. Data may be from either a fiscal year or year ending December 31, so long as the period is within 15 months of the filing.

3. Personal injury protection experience shall be limited to the direct "before reinsurance" exposure retained by the insurance company according to N.J.S.A. 39:6-73.1. Any losses reimbursed or subject to reimbursement to the insurer by the UCJF for excess medical benefits shall not be included with the experience contained in the filing.

(d) The trend methodology to be used shall be as follows:

1. With regard to loss trends, the filing shall contain separate determinations of the loss severity from loss frequency trends.

2. The filing shall contain an adjustment for symbol drift, and where appropriate for model year rating.

(e) The filer shall demonstrate that a reasonable total rate of return on its capital investment attributable to the New Jersey private passenger automobile insurance market will result from the proposed rates.

(f) The ratemaking methodology set forth in (a) through (e) above is the Department's preferred procedure and must be included with the filing. The filer may, however, propose an alternate procedure in total or in part and support it with such calculations and other information it deems appropriate to demonstrate the superiority of the alternate procedure in the determination of the filer's rates or loss costs.

1. In the event the filer has computed the rates using an alternate methodology, it shall provide all information related to the derivation of the profit and contingency loading contained in the filing, specifically including:

- i. All data and worksheets used and judgments made;
- ii. A description of the methodology used to arrive at the selected loading; and
- iii. Details on the application of the methodology to this filing.

2. Filers which propose an alternate ratemaking methodology shall show the overall statewide rate change by coverage by both the standard and alternate methodologies.

(g) In addition to that required under N.J.A.C. 11:3-16.6, any filer desiring to modify its rates or rating system in any manner other than provided in N.J.S.A. 17:29A-46.6 shall also provide the following:

1. A completed Rate Pursuit Questionnaire as set forth in Appendix Exhibit J, of this subchapter incorporated herein by reference; and

2. A sample insurance application for new and renewal policies.

(h) Due to the amount of data required, a new company may not be able to fulfill all of the requirements of N.J.A.C. 11:3-16.8, 16.9 and this section. New companies shall be required to submit as much of the information as it is able to supply and each new company filing will be reviewed based on its own merit. Filers shall provide any additional information specifically requested by the Department that may be necessary to constitute a proper rate filing.

(i) Rating organizations shall be excused from the filing requirements of (a), (b), (e) and (g) above.

Emergency Amendment, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Changes to implement the Fair Automobile Reform Act, P.L. 1990, c.8.

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991. See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1992 d.189, effective April 20, 1992.

See: 23 N.J.R. 3199(a), 24 N.J.R. 1504(a).

Interest rate changed to 36 months of Moody bond rates or actual prospective yield.

Petition for Rulemaking.

See: 25 N.J.R. 4523(a).

Amended by R.1994 d.46, effective January 18, 1994.

See: 25 N.J.R. 4436(a), 26 N.J.R. 378(b).

Amended by R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

In (a), added a second sentence in 1; in (f), added a reference to loss costs at the end; and added (g) through (i).

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Rewrote the section.

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Rewrote (a) and (b).

Case Notes

Insurer's establishment of reserve for payment of its share of anticipated market transition facility (MTF) losses was premature. Matter of Private Passenger Auto. Rate Revision on Behalf of Aetna Cas. and Sur. Co., 256 N.J.Super. 46, 606 A.2d 401 (A.D.1992).

Regulatory amendment more accurately reflected actual yield rate than previous calculation method and had to be applied in calculating yield on premiums. Matter of Private Passenger Auto. Rate Revision on Behalf of Aetna Cas. and Sur. Co., 256 N.J.Super. 46, 606 A.2d 401 (A.D.1992).

Commissioner should make determinations on individual insurers' special rate-increase applications resulting from surtaxes and assessments imposed by Fair Automobile Insurance Reform Act before challenges to constitutionality. State Farm Mut. Auto. Ins. Co. v. State, 124 N.J. 32, 590 A.2d 191 (1991).

Fair Automobile Insurance Reform Act prohibiting pass throughs to policyholders of costs did not violate takings clause. State Farm Mut. Auto. Ins. Co. v. State, 124 N.J. 32, 590 A.2d 191 (1991).

Private passenger automobile insurer failed to document need for rate increase. In Re Harleysville Garden State Insurance Company's request for a Rate Increase, 96 N.J.A.R.2d (INS) 25.

Private passenger insurer not entitled to rate relief; insurer had reasonable rate of return. Matter of Private Passenger Automobile Rate Filings on Behalf of State Farm Mutual Insurance Company Concerning Fair Act Surtaxes and Assessments, 93 N.J.A.R.2d (INS) 1.

Private passenger automobile insurer's request for rate relief for market transition facility deficit was not ripe. In Re Chubb Group's Request for Private Passenger Automobile Insurance Rate Increase, 92 N.J.A.R.2d (INS) 59.

Increase in private passenger automobile insurance rates was not proven. Matter of Aetna Casualty and Surety Company's Request for Private Passenger Automobile Insurance Rate Increase, 92 N.J.A.R.2d (INS) 51.

Application of Clifford Formula to rate increase request by private passenger automobile insurer did not result in unconstitutional taking. Matter of All State Insurance Company, 92 N.J.A.R.2d (INS) 25.

Thirteen percent rate increase for private passenger automobile insurance approved. Matter of Filing by Travelers Indemnity Company, 92 N.J.A.R.2d (INS) 1.

11:3-16.11 Rate filings reflecting assessments and surtaxes

(a) All insurers who submit a rate filing which reflects assessments or surtaxes imposed pursuant to N.J.S.A. 17:30A-8(a) and 17:33B-49, respectively, shall submit such rate filing independently of any prior approval rate filing submitted pursuant to N.J.A.C. 11:3-16.6.

(b) Any insurer desiring to modify its rates to reflect assessments or surtaxes imposed pursuant to N.J.S.A. 17:30A-8(9) and 17:33B-49, respectively, shall provide the following information in support of its application:

1. All of the data required for prior approval filings submitted pursuant to N.J.A.C. 11:3-16.6;

2. A copy of New Jersey Page 14 of the Statutory Annual Statement, for each of the most recent 10 years. The insurer shall also file information combining this data for each of the most recent 10 years for all states and the District of Columbia, if applicable, in which the insurer is authorized to transact business; and shall provide a list of these jurisdictions;

3. The following data for all of its insurance affiliates for each of the most recent 10 years on a Statewide and countrywide basis:

i. For property and casualty affiliates New Jersey Page 14 of the Statutory Annual Statement;

ii. For title insurance affiliates, Operations and Investment Exhibit (page 4) and Schedule T—Exhibit of Premiums Written (page 39) of the statutory title insurance Annual Statement;

iii. For life and health affiliates, Liabilities, Surplus and Other Funds (page 3); Analysis of Operations by Lines of Business (page 5); and Exhibit 1 Part 1 and Part 2 (pages 7 and 7A) of the statutory life and health Annual Statement; and

iv. An estimate of the amount of business in other lines that is produced by the synergistic effects of the insurer writing private passenger automobile insurance in this State.

4. Certifications/representations by the insurer's Chief Financial Officer and President containing the information set forth in Exhibit F in the Appendix incorporated herein by reference;

5. A schedule of Key Performance Indicators (KPI's), as set forth in Exhibit G in the Appendix incorporated herein by reference, for the year of the rate filing and each of the preceding two years;

6. For the current year and preceding two years, a schedule of premiums, incurred losses and operating expenses by New Jersey lines of business corresponding to line items one (1) through twenty-two (22) of Part 2 of the Insurance Expense Exhibit (IEE). In addition, provide a schedule of operating expenses by classification corresponding to line items one (1) through twenty-two (22) of Part I of the IEE. The aggregate of expenses reported by line item must agree with the total operating expenses related to New Jersey policies reported by line of business in Part II of the IEE, (sum of lines four (4) through eight (8));

7. For each line item expenditures included in the schedule required pursuant to (b)6 above, the following:

i. A description of all allocation methodologies used to allocate corporate-wide costs (including worldwide, countrywide and region wide costs) to New Jersey lines of business;

ii. A description of all allocation methodologies used to allocate operating expenses to New Jersey private passenger automobile liability and physical damage lines of business and to all other New Jersey lines of business;

iii. An explanation for any changes in allocation methodologies between years; and

iv. For each operating expense classification by each New Jersey line of business, a schedule which shows the expenses directly charged to a line of business; and indirect expenses allocated to various lines of business using a reasonable allocation methodology;

8. For each New Jersey line of business (including private passenger automobile), the following:

i. The number of named insureds;

ii. The number of employees directly dedicated to the line of business;

iii. The area of office space dedicated to the line of business (excluding allocations of corporate or administrative office space);

iv. The hours of data processing time charged;

v. The volume of exposures;

vi. The number of policies in force; and

vii. The number of claims reported during each of the three years requested;

9. A report, based on a study and evaluation of the insurer's system of internal accounting control and signed by an independent public accountant. The report shall state that in the accountant's opinion, the system of internal accounting control of the insurer in effect during the current year, taken as a whole, was sufficient to meet the objectives of a system of internal accounting control insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the insurer's financial statements;

7. Youthful Operator Married Male, Drive to Work/Business Use;

8. No Youthful Operator, Principal Operator Under 65, Pleasure Use >3 miles;

9. No Youthful Operator, Principal Operator Under 65, Drive to Work, <10 miles;

10. No Youthful Operator, Principal Operator Under 65, Drive to Work, >10 miles;

11. No Youthful Operator, Principal Operator Under 65, Business Use; and

12. No Youthful Operator, Principal Operator Under 65, Farm Use.

(e) Insurers not using the primary use classifications found in (d) above shall provide the Department with a statement relating its rating system to those factors identified in Appendix Exhibit I.

New Rule, R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

In (a), amended the N.J.A.C. reference.

Amended by R.2003 d.95, effective March 3, 2003.

See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

In (a), deleted "as of December 31 of the prior year" following "policies written"; rewrote (b).

11:3-16.16 Prospective loss cost filing requirements for insurers

(a) In order for an insurer to incorporate a rating organization's prospective loss costs to establish its own rates, an insurer shall:

1. Be a participating insurer in the rating organization; and

2. File its loss cost multiplier using the Reference Filing Adoption Form (as set forth in Appendix Exhibit C to this subchapter and incorporated herein by reference). An insurer's loss cost multiplier shall be filed and become effective in accordance with N.J.S.A. 17:29A-1 et seq., N.J.S.A. 17:33B-31, and applicable provisions of N.J.A.C. 11:3-16 and 18. An insurer's final rates shall be a combination of the prospective loss costs and the loss cost multiplier.

i. An insurer may file modifications to the rating organization's approved prospective loss cost filing based on its own anticipated experience by using the Reference Filing Adoption Form. Supporting documentation shall be filed for any modification (upwards or downwards) to the rating organization's prospective

loss cost filings. Supporting documentation must comply with N.J.A.C. 11:3-16.3(k).

ii. An insurer's loss cost multiplier shall remain in effect until the insurer revises the multiplier in accordance with N.J.S.A. 17:29A-14 and applicable provisions of N.J.A.C. 11:3-16 and 18.

(b) An insurer may vary expense loads by coverage. An insurer may use variable or fixed expense loads or a combination of these to establish their expense loadings by using the Reference Filing Adoption Form. An insurer's loss cost multiplier based on its expenses plus any profit provision shall be developed in accordance with N.J.A.C. 11:3-16.3(l).

(c) Any insurer participating in a rating organization shall continue to use all rates and deviations currently in effect for its use, until disapproved pursuant to N.J.S.A. 17:29A-14 or until the insurer revises its rates, either by making an independent filing or by filing a Reference Filing Adoption Form.

New Rule, R.1998 d.128, effective March 2, 1998.

See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).

APPENDIX

EXHIBIT A I

(RESERVED)

Emergency Repeal and Replacement, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Repeal and Replacement, R.1990 d.621, readopted without change.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Repealed by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Exhibit A II

(RESERVED)

Emergency Repeal and Replacement, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency amendment, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Repeal and New Rule, R.1998 d.128, effective March 2, 1998.

See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

Was "Prior Approval Filings".

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Repealed by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

EXHIBIT A
PRIOR APPROVAL FILINGS

Company/Group: _____

Company File No.: _____

<u>Section</u>	<u>Item</u>	<u>Page #</u>
1) Filing Requirement		
16.3(e)	Filing Source Document MARS001	
16.3(f)	Certification of compliance (exact text in regulation) signed by officer	
16.3(g)	Filing submitted in three-ring binder, 8½ x 11 pages, printed on one side and numbered, three copies of filing	Yes / No
16.3(h)	Filer's identifying information at top of each page	Yes / No
16.3(i)	All data reported on direct basis exclusive of reinsurance	Yes / No
16.3(j)	All data from voluntary market only	Yes / No
16.6(a)1	<ul style="list-style-type: none"> ● Cover letter notifying DOBI of intention to modify rates under prior approval procedure ● Proposed effective date ● Name/Telephone/Address of Company officer to whom inquiries about the filing may be directed 	_____ _____
16.6(a)2	This checklist	
16.6(a)3	Appendix Exhibit E	
16.6(a)4	Narrative overview	
16.6(a)8	(Required only if at least 20,000 exposures) Data disk or CD-ROM in MS Excel 97 format	Yes / N/A
2) Premium and Loss Data—All data must be at total limits and/or basic limits, and must be consistent throughout the filing. All data is to be provided by coverage by accident year for each of the latest three years.		
16.8(a)1	<ul style="list-style-type: none"> ● NJ direct earned premium (or loss cost) at present rates ● Method Used: On-Level (OL) or Extension of Exposures (EOE) ● Rate level history ● Underlying calculations with supporting documentation and sample calculation 	_____ OL / EOE _____
16.8(a)2i	NJ direct earned exposures	
16.8(a)2ii	NJ direct incurred losses	
16.8(a)2iii	Applicable loss development factors (age-to-ultimate)	
16.8(a)2iv	NJ direct paid or incurred defense and cost containment Expenses (ALAE)	
16.8(a)2v	Incurred adjusting and other expenses (ULAE), on countrywide basis as reported in IEE	
16.8(a)2vi	Ultimate incurred losses and LAE	
16.8(a)2vii	Trend factors	
16.8(a)2viii	Trended ultimate incurred losses and LAE	
16.8(a)3	(Required only if losses are separated into catastrophe and non-catastrophe) <ul style="list-style-type: none"> ● Clear description and justification of the standard used. ● At least 10 years used to determine catastrophe load ● Explanation if database used for catastrophe load is different from that used for rate level change 	_____ _____
16.8(a)4	(Required only if territorial factors are changing) <ul style="list-style-type: none"> ● Territorial rate indications 	
16.8(a)5	(Required only if classification factors are changing) <ul style="list-style-type: none"> ● Classification differentials information, relative loss ratios by class 	
16.8(a)6	For all incurred LAE data contained in the filing, show the related incurred losses used to determine any LAE loadings.	
16.8(a)7	(Required only if tier relativities are changing) <ul style="list-style-type: none"> ● Tier differentials information, relative loss ratios by tier 	
16.8(a)8	Earned premium at present rates with and without expense fees	
16.8(a)9	Appendix Exhibit I, Written Exposures / Primary Classification (Pleasure use calculation)	
16.8(a)10	Primary Classification Factors used to determine rates	
16.8(b)	If Percentage of Pleasure Use is greater than the mean established, a written explanation of why.	
3) Credibility		
16.8(d)1	All data and worksheets used and judgements made	
16.8(d)2	Description of derivation methodology	
16.8(d)3	Description of application of the methodology to this filing	
4) Loss Development Factors (this section required only for filers with at least 0.5 percent of NJ market)		
16.8(e)1I	All data and worksheets used and judgements made	
16.8(e)1ii	Description of derivation methodology	
16.8(e)1iii	Description of application of the methodology to this filing	
5) Loss Development Triangles—All data must be at total limits and/or basic limits, and must be consistent throughout the filing.		

- 16.8(e)2 (Required only if at least 0.5 percent of NJ market)
Paid Loss Development Triangles for the last 10 accident years for annual evaluation dates from 15 months to . . .
 - BI: 123 months _____
 - PD: 75 months _____
 - UM/UIM: 123 months _____
 - PIP: 123 months _____
 - PIP losses capped at \$75,000 Yes / No
 - Collision: 51 months _____
 - Comprehensive: 51 months _____
 - 3/5/9 year average age-to-age and age-to-ultimate factors for above _____
- 16.8(e)3 Information in e(2) above for incurred losses
- 16.8(e)4 Information in e(2) above for either paid or incurred defense and cost containment expense (ALAE)
- 16.8(e)5 (Required only if at least 0.5 percent of NJ market)
Information in e(2) above for paid claim counts
- 16.8(e)6 (Required only if at least 0.5 percent of NJ market)
Information in e(2) above for incurred claim counts
- 16.8(e)7 (Required only if at least 0.5 percent of NJ market)
A statement regarding any changes in the filer’s case loss reserving practices in the last five years.

6) Loss Trend

- 16.8(f)1 (Required only if at least 0.5 percent of NJ market)
 - Internal loss trend data on a paid basis (incurred basis optional), separately for frequency and severity for latest available five rolling years on a quarterly year ending basis, for all coverages _____
 - PIP losses limited to \$75,000 Yes / No
 - Comp./Coll. shown at or adjusted to (with explanation) \$500.00 deductible Yes / Explain
 - Explanation for above if “Explain” chosen
- 16.8(f)2 External industry fast track data on a paid basis, shown separately for frequency and severity for latest available five years on a rolling quarterly year ending basis, for all coverages
- 16.8(f)3 (Required only if at least 0.5 percent of NJ market)
 - For all trend data described above, annual T statistics and coefficient of correlation, using least-squares regression with time as the independent variable _____
 - Trend calculations for at least two of the following point periods: 6, 9, 12, 16, 20 _____
 - Side-by-side comparison of actual and fitted data _____
 - Calculations on both an exponential and straight line basis _____
- 16.8(f)4i Derivation of Trend Factors—All data and worksheets used and judgements made
- 16.8(f)4ii Derivation of Trend Factors—Description of derivation methodology
- 16.8(f)4iii Derivation of Trend Factors—Description of application of the methodology to this filing
- 16.8(f)5 Information (including studies, analyses, and fact sheets) of effects of the following:
 - Changes in seatbelt use _____
 - Use of passive restraint systems (for example, air bags) and safety and anti-theft devices such as anti-lock brakes and traction control _____
 - Changes in the drinking age _____
 - Changes in price/amount of fuel purchased _____
 - Changes in average distance driven _____
 - AICRA of 1999 _____
 - Primary Seat Belt Law of 2000 _____
 - Graduated Licensing Law of 2001 _____
 - Other changes _____

7) Information in Filing

- 16.8(g)1 Data on the mix of written exposures by length of policy for each of the last three years, including written exposures and written premium (or loss cost)
- 16.8(g)2
 - Trend in average model year and symbol relativities for comprehensive and collision coverages
 - Explanation of method of calculation
 - All intermediate calculations
 - Average model year and symbol for each of the last five years
 - Distributions of written exposures by age/model year and symbol
- 16.8(g)3 Most recent five year history of the distribution by deductible amount of the written exposures and written premium (or loss cost) for comprehensive and collision coverages
- 16.8(h) Limitations on filing (state if none)

8) Indication

- 16.8(i) Overall Statewide change indicated by coverage

9) Expenses

- 16.9(a)II Expense Provisions—All data and worksheets used and judgements made

- 16.9(a)1ii Expense Provisions—Description of derivation methodology
- 16.9(a)2i Average incurred expenses per exposure for last three calendar years for Commission and Brokerage expenses from NJ Page 14
- 16.9(a)2ii Average incurred expenses per exposure for last three calendar years for Other Acquisition Expenses from Part 3 of IEE
- 16.9(a)2iii Average incurred expenses per exposure for last three calendar years for General Expenses from Part 3 of IEE
- 16.9(a)2iv Average incurred expenses per exposure for last three calendar years for Taxes, Licenses, and Fees from NJ Page 14
- 16.9(a)3 Compliance with N.J.S.A. 17:29A-37
- 16.9(a)4 Data does not include LAD fees or AIRE information Yes / No

- 10) Proposed Rates
- 16.9(b)1 Proposed rates (or loss costs) for each territory and coverage together with their derivation.
- 16.9(b)2 Compliance with N.J.S.A. 17:29A-36:
 - Rate classification definitions uniform Statewide Yes / No
 - Auto insurance rate charged for any class not greater than 2.5 times the rate for the base class _____
 - Calculation that the base rate in any territory is not greater than 35 percent above Statewide average base rate, by coverage (required even if not changing) _____
 - Calculation that the rate for senior citizens (65+) is not greater than 25 percent above Statewide average for that group, by coverage (required even if not changing)
- 16.9(b)3 Comparison of average Statewide variable rates, expense fees, average current premium, average proposed premium, and number of exposures, by coverage.
- 16.9(b)4 Rating Examples using criteria from most recent Annual Premium Survey

- 11) Investment Income and Profit and Contingency Provision
- 16.9(c)1 Amount of investment income earned on loss, LAE, and unearned premium reserves in relation to earned premium for private passenger automobile insurance in NJ calculated for each of the last two years and estimated for current year, calculated in detail including the amount of composite reserves of each type at the beginning and end of each year.
- 16.9(c)2 Cash flow pattern from policy inception date until receipt of premium, showing both premium and installment premium, by coverage.
- 16.9(c)3 Cash flow pattern from policy inception date for
 - Commission and brokerage _____
 - Other acquisition expenses _____
 - General expenses _____
 - Assessments _____
 - Premium taxes, licenses, and fees _____
 - Any other expense payments _____
- 16.9(c)4 Cash flow pattern from policy inception date for
 - Loss _____
 - ALAE _____
 - ULAE _____
- 16.9(d)1 Identification of all statistical plans used or consulted
- 16.9(d)2 Certification that data correctly collected
- 16.9(e) Rate of return on equity capital and on total assets given the selected underwriting profit and contingency provision calculated in 16.10(a)1, showing the derivation of all factors used to produce the calculation.
- 16.9(f)1 Amount of finance and other miscellaneous charges collected in NJ.
- 16.9(f)2 Description of all products and services supplied or received in transactions between the filer and a parent company, a wholly owned subsidiary, or an affiliated company (state if none)
- 16.10(a)1 Calculation of profit and contingency provision using the Clifford Formula, based on the cash flow method or another method provided
- 16.10(a)2 (Required only if alternative to cash flow method used)
Deductions made for prepaid expenses with documentation (state if none)
- 16.10(a)3 (Required only if alternative to cash flow method used)
Deductions made for delayed remission of premiums with documentation (state if none)
- 16.10(a)4 (Required only if alternative to cash flow method used)
Ratio of unearned premium reserves to premium obtained from NJ Page 14 and calculated as described
- 16.10(a)5 (Required only if alternative to cash flow method used)
Ratio of loss reserves to incurred losses derived from NJ Page 14 and calculated as described
- 16.10(a)6 (Required only if alternative to cash flow method used)
Ratio of LAE reserves to loss reserves derived from Part 3A of the Statutory Annual Statement and calculated as described
- 16.10(a)7 Expected L+LAE Ratio = 1 Underwriting Expense Ratio—Underwriting Profit and Contingency Provision

- 16.10(a)8 Interest Rate used is larger of average of last two years' investment income yield or estimated yield for current year, calculated in 16.9(c)1

- 12) Expenses and Other Information
 - 16.10(b)1 Commission and Brokerage expense provision derived from NJ Page 14
 - 16.10(b)2 Premium Tax expense provision derived from NJ Page 14
 - 16.10(b)3 NJ Specific Data used for Assessments
 - 16.10(b)4 General and Other Acquisition Expenses derived from Part 3 of IEE
 - 16.10(b)5 Trend of General and Other Acquisition expense using All Items CPI and monthly average weekly wages for fire and casualty insurance employees (50/50 weighting)
 - 16.10(b)6 Expenses Capped by Appendix Exhibit H Calculation (available on DOBI web site)
 - 16.10(b)7 Load for UCJF is most recent value established by Commissioner
 - 16.10(b)8 Excluded Expenses (state if none)
 - 16.10(b)9 Expense dollars excluded in accordance with (b)8 or justification provided for use
 - 16.10(b)10 Bodily Injury Liability Zero/Verbal Threshold Commissions equalized using Appendix Exhibit C
 - 16.10(c)1 Accident Year data used for liability coverages Yes / No
 - 16.10(c)2 Most recent Accident Year data ends no more than 15 months before submission date of filing (Accident Year need not end on December 31). Yes / No
 - 16.10(c)3 PIP experience capped at \$75,000 Yes / No
 - 16.10(d)1 Frequency and Severity calculated separately in loss trends Yes / No
 - 16.10(d)2 Adjustment for Symbol Drift and Model Year Rating Yes / No
 - 16.10(e) Filer demonstrates that a reasonable rate of return on its capital investment will result from proposed rates
 - 16.10(f) (Optional)
 - Alternate rate making procedure
 - 16.10(g)1 Appendix Exhibit J, Rate Pursuit Questionnaire
 - 16.10(g)2 Sample New and Renewal Insurance Applications

- 13) Filings Reflecting Assessments and Surtaxes (only required if filing under this section)
 - 16.11(b)2 NJ and CW Page 14 for the last 10 years, with list of states included in CW
 - 16.11(b)3 For all affiliates, 10 years of the following:
 - P & C affiliates: NJ Page 14 _____
 - Title affiliates: Operations and Investment Exhibit (Page 4) and Schedule T _____
 - L & H affiliates: Page 3, Page 5, Page 7 and 7A _____
 - 16.11(b)3iv Estimate of amount of business in other lines produced by the synergistic effects of insurer writing PPA insurance
 - 16.11(b)4 Appendix Exhibit F
 - 16.11(b)5 Appendix Exhibit G
 - 16.11(b)6 For current and preceding two years, schedule of premiums, incurred losses, and operating expenses by NJ lines of business from lines 1-22 of IEE Part 2, and a schedule of operating expenses for lines 1-22 of IEE Part 1 (aggregate of expenses by line item must agree with total from lines 4-8 of IEE Part 2)
 - 16.11(b)7 For each line item expenditure in (b)6
 - Description of all allocation methodologies used to allocate corporate-wide costs (including world-wide, countrywide, and region wide) to NJ _____
 - Description of all allocation methodologies used to allocate operating expenses to NJ PPA liability and physical damage to all other NJ lines _____
 - Explanation for any changes in allocation methodologies between years _____
 - For each operating expense classification by each NJ line of business, schedule which shows the expenses directly charged to a line of business, and indirect expenses allocated to various lines of business using reasonable methodology _____
 - 16.11(b)8 For each NJ line of business (including PPA):
 - Number of named insureds _____
 - Number of employees directly dedicated to the line of business _____
 - Area of office space dedicated to the line of business (excluding allocations of corporate or administrative office space) _____
 - Hours of data processing time charged _____
 - Volume of exposures _____
 - Number of policies in force _____
 - Number of claims reported during each of the three years requested _____
 - 16.11(b)9 Internal accounting control report
 - 16.11(b)10 List of internal audits in current years
 - 16.11(b)11 Copies of internal audit reports issued during current year with responses
 - 16.11(b)13 Reason why assessment should be included in PPA rates
 - 16.11(e) Formula believed appropriate for determining return required, with supporting analysis and data fully explaining why formula should be utilized

New Rule, R.2003 d.173, effective May 5, 2003.
 See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

EXHIBIT B
CAUSE OF LOSS REPORT
COMPREHENSIVE
NEW JERSEY

Calendar Year Ending 12/31_____

	Written Exposures	Earned Exposures	Written Premium	Earned Premium	No. of Losses	Losses Paid	% Loss Paid	Loss Freq.	Avg. Loss	Pure Premium (Loss Cost)
FIRE										
THEFT										
GLASS										
ALL OTHER CAUSES										
TOTAL										

EXHIBIT C

Page 2 of 4

Worksheet to Determine Zero Threshold Premium and Commission for BI and UMBI
 Page 1 of 4

Insurance Group Name _____
 Insurance Company Name _____
 Group NAIC Number _____
 Company NAIC Number _____

BEFORE COMPLETING THIS FORM, PLEASE READ THE INSTRUCTION ON PAGE 4.

Section A

Section A develops the revised verbal threshold base rate after the rate change.

Item 1A: Current verbal threshold base rate

State the territory number _____
 Number of exposures _____
 Percent of Statewide total _____

Item 2A: Verbal threshold rate change, expressed as a multiplicative factor _____

Item 3: Revised verbal threshold base rate _____

(Item 1A multiplied by Item 2A) _____

NOTE: Item 3A is the new verbal threshold base rate after the rate change.

Section B

The dollars of commission for the verbal threshold base rate and the zero threshold base rate are to be identical after the rate change. Section B develops the dollars of commission which can be included in the rate. The insurer may pay a higher commission. However, the portion of the commission above the amount stated in Item 2B is not to be included in the rate and is not to be charged to the policyholder.

Item 1B: Current filed and approved commission rate for the VERBAL threshold base rate, expressed as a decimal and rounded to the third decimal place _____

State the relevant DOBI filing number: _____

Item 2B: Dollars of commission for the increased/decreased verbal threshold base rate (Item 3A multiplied by Item 1B) _____

NOTE: Item 2B is the dollars of commission for the verbal threshold base rate after the rate change, and it is also the dollars of commission for the zero threshold base rate after the rate increase/decrease.

Section C

Section C develops the zero threshold rate change.

For a prior approval rate increase, or a flex rating increase, complete Item 1C, Item 2C, Item 3C, and Item 4C. For a rate decrease, complete Item 5C, Item 6C, Item 7C, and Item 8C.

COMPLETE ITEMS 1C, 2C, 3C, AND 4C ONLY FOR A PRIOR APPROVAL RATE INCREASE, BUT NOT FOR A RATE DECREASE.

Item 1C: Item 2A minus 1.000

Item 2C: Item 1C times 2.000

Item 3C: Item 2C plus 1.000

Item 4C: Zero threshold rate increase expressed as a multiplicative factor

NOTE: Item 4C is the amount the insurer selects as the zero threshold rate increase. However, for a flex filing rate increase, Item 4C cannot be smaller than Item 3C.

Page 3 of 4

COMPLETE ITEMS 5C, 6C, 7C, AND 8C ONLY FOR A PRIOR APPROVAL RATE DECREASE, AND NOT FOR A PRIOR APPROVAL RATE INCREASE.

Item 5C: 1.000 minus Item 2A

Item 6C: Item 5C divided by 2.000

Item 7C: 1.000 minus Item 6C

Item 8C: Zero threshold rate decrease expressed as a multiplicative factor

NOTE: Item 8C is the amount the insurer selects as the zero threshold rate decrease.

Section D

Item 5D of Section D is the zero threshold base rate with the rate increase/decrease.

Item 1D: Current zero threshold base rate

Item 2D: Filed and approved dollars of commission for the current zero threshold base rate

State the relevant DOBI filing Number:

Item 3D: Current zero threshold base rate excluding commission (Item 1D minus Item 2D)

Item 4D: Increased/decreased zero threshold base rate, excluding commissions (Items 3D multiplied b Item 4C, or Item 3D multiplied by Item 8C, as appropriate.)

Item 5D: Increased/decreased zero threshold base rate, including commissions (Items 2B plus Item 4D)

Page 4 of 4

Instructions:

1. Data are for base rates for the territory with the largest number of the filer's exposures. Following Item 1A state the number of the territory in question; the number of exposures in that territory; and the portion of the statewide exposures for the filer in that territory.

2. File one worksheet for BI and one for UMBI.

3. For combined single limits, fill out the worksheets using the BI and UMBI portions of the rate.

4. Item 2A is to be expressed as a decimal and rounded to the third digit. For example, if the rate change is an increase of 2 percent, Item 2A is 1.020. As another example, if the rate change is a decrease of 3.2 percent, them Item 2A is 0.968.

5. The commission rate in Item 1B to be expressed as a decimal and rounded to the third digit. For example, if the commission rate is 15.3 percent, Item 1B is 0.153. As another example, if the commission rate is 19 percent, Item 1B is 0.190.

6. The commission allowable in the zero threshold base rate is Item 2B. The insurer may pay a higher commission. However, the portion of the commission above the amount stated in Item 2B is not to be included rate and is not to be charged to the policyholder.

7. Following Items 1B and 2D, provide the DOBI filing number of the filing in which the commission rate was approved.

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Rewrote Part 1; substituted "DOBI" for "DOI" throughout; in Section C, deleted references to a flex rating increase throughout.

EXHIBIT D

Date of filling out form: _____

**NEW JERSEY INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PERSPECTIVE LOSS COSTS
REFERENCE FILING ADOPTION FORM
PRIVATE PASSENGER AUTOMOBILE**

1. INSURER NAME _____
ADDRESS _____

PERSON RESPONSIBLE FOR FILING _____
TITLE _____ TELEPHONE _____

2. INSURER GROUP NAIC # _____

2A. INSURER COMPANY NAIC # _____

3. LINE OF INSURANCE _____

4. ADVISORY ORGANIZATION _____

5. ADVISORY ORGANIZATION REFERENCE FILING # _____

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing, the prospective loss costs in the captioned Reference Filing.

7. PROPOSED RATE LEVEL CHANGE _____% EFFECTIVE DATE _____

8. PRIOR RATE LEVEL CHANGE _____% EFFECTIVE DATE _____

9. ATTACH "FILING ADOPTION FORM" FOR EACH INSURER IF SELECTED LOSS COST MULTIPLIER IS DIFFERENT.

** The filed Loss Cost Level Change Factor for the initial filing is the Ratio of the Revised Loss Costs to Current Rates divided by the Deviation which the insurer applied to the Current Rates (expressed as a decimal); and for subsequent filings, the Ratio Loss Cost Level to Current Loss Cost Levels.

Insurer Name: _____ Date of filling out form: _____
 NAIC # Group: _____ Company: _____

NEW JERSEY EXPENSE CONSTANT SUPPLEMENT
 CALCULATION OF COMPANY LOSS COST MULTIPLIER

10. Coverage to which this page applies: _____

11. Loss Cost Modification

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(CHECK ONE)

Without Modification (Factor = 1.000) _____

With the following modification(s): _____

B. Loss Cost Modification Expressed as a Factor: _____

(See examples below.)

12. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information).

	Overall	Variable	Fixed
A. Commissions	_____ %	_____ %	_____ %
B. Other Acq.	_____ %	_____ %	_____ %
C. General Exp.	_____ %	_____ %	_____ %
D. Expenses Subject to Cap	_____ %	_____ %	_____ %
E. Expense Cap	_____ %	_____ %	_____ %
F. Capped Expenses	_____ %	_____ %	_____ %
G. Taxes, Licenses & Fees	_____ %	_____ %	_____ %
H. UCJF	_____ %	_____ %	_____ %
I. Profit Provision	_____ %	_____ %	_____ %
J. Other	_____ %	_____ %	_____ %
K. Total	_____ %	_____ %	_____ %
L. Fixed Expense Trend Factor			_____ %
M. Trended Fixed Expense Ratio			_____ %

13. A. Expected Loss Ratio: ELR = 100% = Overall 12K = _____ %

B. ELR expressed in decimal form = _____

C. Variable Expected Loss Ratio: VELR = 13A + 12M _____

D. VELR in decimal form = _____

14. Formula Expense Consultant:

Average Prospective Loss Cost = _____

Formula Variable Loss Cost Multiplier: (11B/13D) = _____

15. Selected Expense Constant = _____

Selected Variable Loss Cost Multiplier = _____

16. Rate level change for the coverage to which this page applies _____ %

New Rule, R.1998 d.128, effective March 2, 1998.
 See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

EXHIBIT E

	Percentage Change	Dollar Effect	Latest Year Earned Exposures	Latest Year On-Level Earned Premium
Bodily Injury				
Verbal	_____	_____	_____	_____
Zero	_____	_____	_____	_____
Property Damage	_____	_____	_____	_____
Personal Injury Protection	_____	_____	_____	_____
Uninsured Motorists				
Verbal	_____	_____	_____	_____
Zero	_____	_____	_____	_____
Total Liability	_____	_____	_____	_____
Comprehensive	_____	_____	_____	_____
Collision	_____	_____	_____	_____
Total Physical Damage	_____	_____	_____	_____

Overall Total				
	Current	Proposed	Current	Proposed
Expense Fees				
Single Limit Liability				
Bodily Injury				
Property Damage				
Personal Injury Protection				
Comprehensive				
Collision				

Add columns for latest year earned exposures and latest year on-level earned premium by coverage.

Emergency Repeal and Replacement, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.

See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Repeal and Replacement, R.1990 d.621, readopted with changes effective February 19, 1991.

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Inserted "Latest Year Earned Exposures" and "Latest Year On-Level Earned Premium" and inserted "Add columns for latest year earned exposures and latest year on-level earned premium by coverage".

8. The methodologies used to allocate indirect costs to the New Jersey private passenger automobile lines of business are consistent with the methodologies used to allocate indirect costs to other New Jersey lines of business.
9. The total pool of allocated costs (before allocating to the various lines of business in each state) represents all and only such costs as are reflected in the insurer's annual audited financial statements prepared under statutory accounting principles.
10. All paid allocated loss adjustment expenses reported for New Jersey private passenger automobile lines of business were incurred to settle specific claims and the guidelines used for determining these loss adjustment expenses are the same as those used for the insurer's other lines of business.
11. A reasonable, prudent person would not determine that there are allocation methodologies which could have been used that would clearly have resulted in a more accurate allocation of operating expenses.
12. Financial information on the IEE properly reconciles with the insurer's annual statements as reported to the Department.
13. The schedule provided for premiums, incurred losses and operating expenses (on a direct basis) by New Jersey lines of business properly reconciles to the insurer's total premiums, incurred losses and operating expenses by line of business (on a net basis) as reported in the IEE.
14. Net direct written premiums reported in the current year for each New Jersey line of business were determined in the same manner as in the preceding two years.
15. The Insurance Expense Exhibits for the current and preceding two years and the required supporting schedules were prepared in conformity with statutory accounting principles.
16. Adequate provision has been made for all incurred losses in each of the periods reported.
17. There were no violations of laws or regulations during the periods reported whose effects have not been considered in the results of operations reported.
18. The accounting records underlying the financial information provided accurately and fairly reflect, in reasonable detail, the transactions of the insurer's private passenger automobile and other lines of business.
19. The filer has complied with all aspects of contractual agreements that would have a material effect on the financial information provided in the event of noncompliance.
20. No events have occurred subsequent to the date of the most recent Insurance Expense Exhibit that would require adjustment to the financial information provided on the Insurance Expense Exhibits or to the financial information provided on the other schedules required.
21. There have been no:
 - a. Irregularities involving management or employees who have significant roles in the internal control structure.

EXHIBIT F

The Chief Financial Officer and President must make the following representations regarding rate filing documents:

1. The schedule of operating expenses for the insurer's New Jersey private passenger automobile lines of business (corresponding to columns 19.1 through 19.4 and in columns 21.1 and 21.2 of the insurance expense exhibit (IEE)). Include only those costs which were incurred to support the insurer's New Jersey private passenger automobile insurance operations.
2. The allocation of expenses to each line of business on the insurance expense exhibit and the required schedule was made in accordance with the Instructions for Uniform Classifications of Expenses.
3. The allocation of corporate-wide (worldwide, countrywide and regionalwide) expenses to New Jersey lines of business represents only those corporate-wide costs that are properly allocable to New Jersey operations based on reasonable and prudent allocation methodologies.
4. The allocation methodologies used to allocate certain New Jersey general and administrative or indirect costs to New Jersey private passenger automobile lines of business were reasonable, adequately supportable, and did not result in costs being allocated which were incurred by reason of non-private passenger automobile insurance operations.
5. Allocation methodologies used were applied consistently from year to year or, if there were any changes in allocation methodologies, the insurer has stated the reasons for the changes and has quantified the effect of changing the methodologies.
6. The methodologies used to allocate indirect costs is consistent with the methodologies used to allocate indirect costs by the insurer's internal reporting system.
7. If the insurer operated separate cost centers for its New Jersey private passenger automobile lines of business, but expenses for these cost centers were allocated rather than accounted for directly, the insurer has accurately quantified the effect of not accounting for such expenses directly. Also, reasons for not using direct costing for the separate New Jersey private passenger auto cost centers have been provided.

- b. Irregularities involving other employees that could have a material effect on the financial information provided.
- c. Communications from regulatory agents concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial information provided.

Amended by R.1996 d.58, effective February 5, 1996.
 See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

EXHIBIT G

KEY PERFORMANCE INDICATORS

The following data ratios should be provided for each line of business (for New Jersey business only). All of the ratios shall be calculated for the current year and preceding two years. Information on surplus as regards policyholders, accounts receivable, underwriting employees and number of adjusters shall be provided as of the last day of each year reported.

1. Salvage Recoveries/Paid Losses (Collision Only)
2. Subrogation Recoveries/Paid Losses (Liability Coverages Only)
3. Premiums Collected/Earned Premiums
4. Accounts Receivable/Earned Premiums
5. Incurred Losses (excl. IBNR)/Earned Premiums
6. Earned Premiums/Earned Exposures
7. Exposures Written/Underwriting Employees
8. Underwriting Expenses/Exposures Written
9. Paid Losses/Claims Paid and Closed
10. Claims Outstanding/Number of Adjusters
11. Claim Expenses/Claims Reported
12. Other ratios as deemed necessary by the Department of Insurance

In addition, the following data should be provided:

13. Annual Net Written Premiums/Surplus as Regards Policyholders
14. Reduction to Surplus as Regards Policyholders during the current and preceding two years.

Emergency New Rule, R.1990 d.621, effective November 26, 1990 (expired January 25, 1991).

See: 22 N.J.R. 3790(a).

Adopted Concurrent Proposal, R.1991 d.91, effective January 25, 1991.
 See: 22 N.J.R. 3790(a), 23 N.J.R. 514(a).

Provision of emergency new rule, R.1990 d.621, readopted without change.

EXHIBIT H

Calculation of Maximum on Combined Commission and Brokerage, other Acquisition Expense and General Expenses

The maximum expense shall be calculated as a weighted average of those companies in the 20 largest private passenger automobile companies or groups in this State that use the same marketing method as the filer.

The Department will compile the list of the 20 largest private passenger automobile companies or groups on June 30 of each year based on the most recent annual premium volume.

The companies and groups on the list shall be divided into one of the three marketing methods: (1) Independent Agents; (2) Captive Agents; or (3) Direct Writers. The designation of marketing method shall be based on the primary designation

for the company or group in the A.M. Best Report (Property/Casualty). The list shall be posted on the Department's web site and made available to filers on request.

The provision for commission and brokerage expense shall be calculated as a percentage of New Jersey written premium, as stated on New Jersey Page 14 of the Statutory Annual Statement for each company or group used in the calculation. The provision for general and other acquisition expense shall be calculated as a percentage of countrywide earned premium, as stated on Part 3 of the Insurance Expense Exhibit for each company or group used in the calculation.

Repeal and New Rule, R.1998 d.128, effective March 2, 1998.

See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

Was "Marketing Methods for the Top 20 Private Passenger Auto Insurers in New Jersey".

Repeal and New Rule, R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Section was "Marketing Methods for the Largest Private Passenger Auto Insurer Groups in New Jersey".

Amended by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

Inserted a fourth paragraph.

EXHIBIT I

(RESERVED)

New Rule, R.1998 d.128, effective March 2, 1998.

See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

Repealed by R.2003 d.95, effective March 3, 2003.

See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

EXHIBIT J

NEW JERSEY DEPARTMENT OF INSURANCE—

RATE PURSUIT SURVEY QUESTIONNAIRE

Category A—Insurance Eligibility Points

1. How often does your company acquire MVR's on new business applications?
2. How often does your company acquire MVR's on renewals?
3. Are MVR's ordered on each:
 Principal Operator _____
 Occasional Operator _____
 Household Member _____
 Named Driver _____
 Other (please specify) _____

COMMENTS: _____

Category B—Hidden Operators

1. Does your company's new business application request information on all licensed drivers in the household not insured under another policy?
2. Does your company's new business application request information on all licensed drivers in the household?
3. Does your company's new business application request information regarding all residents in the household?
4. Does your company send a renewal questionnaire to each insured prior to renewal?
5. Does your company's renewal questionnaire request information on all licensed drivers in the household not insured under another policy?

- 6. Does your company’s renewal questionnaire request information on all licensed drivers in the household?
- 7. Does your company’s renewal questionnaire request information regarding all residents in the household?
- 8. What are your company’s procedures with regard to an unreturned renewal questionnaire?
- 9. Please provide us with a copy of your company’s new business application and renewal questionnaire.

COMMENTS: _____

Category C—Vehicle Usage

- 1. Provide the percentage of all drivers rated as pleasure use.
- 2. With regard to mileage, does your company verify the use of the vehicle? How?
- 3. Does your application/renewal questionnaire request estimated annual mileage?
- 4. Does your application/renewal questionnaire request an odometer reading for each vehicle?
- 5. Does your application/renewal questionnaire request employment location for each driver?
- 6. Is there a reconciliation process if there is a discrepancy between:
 Estimated annual mileage and vehicle usage
 Odometer reading and vehicle usage
 Home-Work locations and vehicle usage
 How is this accomplished?
- 7. Provide an estimated average annual mileage for each use class: pleasure, 3-10, over 10.
- 8. Is there a verification process with regard to carpooling? How?
- 9. Is there a verification process with regard to mass transit? How?
- 10. If your company is not a direct writer, what are your company’s instructions to agents with regard to use class verification?

COMMENTS: _____

Category D—General

- 1. What are your company’s biggest problems with regard to rate evasion?

- 2. What suggestions do you have for the Department to help minimize this problem?

New Rule, R.1998 d.128, effective March 2, 1998.
 See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

**EXHIBIT K
 (RESERVED)**

New Rule, R.2001 d.44, effective February 5, 2001.
 See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
 Repealed by R.2003 d.173, effective May 5, 2003.

See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).

SUBCHAPTER 16A. (RESERVED)

**SUBCHAPTER 16B. EXPEDITED PROCESS;
 CALCULATIONS FOR PRIVATE
 PASSENGER AUTOMOBILE INSURANCE
 RATE CHANGES**

Authority

N.J.S.A. 17:1-8.1; 17:1-15e; 17:29A-1 et seq.; 17:29A-46.6 and 46.7 and P.L. 1997, c.151, section 35.

Source and Effective Date

R.2001 d.481, effective December 17, 2001.
 See: 33 N.J.R. 2574(a), 33 N.J.R. 4371(a).

11:3-16B.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the expedited process for a private passenger automobile insurer or rating organization to file changes to its rating system as permitted by N.J.S.A. 17:29A-46.6.

(b) This subchapter shall apply to rates filed by:

- 1. All insurers and rating organizations writing or transacting private passenger automobile insurance in the voluntary market in this State; and
- 2. The New Jersey Personal Automobile Insurance Plan.

(c) These rules shall apply to base rate changes by coverage, territorial base rate changes, expense fees, class factors, deductibles, increased limit factors and discounts and credits.

11:3-16B.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Commissioner” means the Commissioner of the Department of Banking and Insurance in the State of New Jersey.

“Coverage” means:

- 1. Split limit bodily injury (“BI”);
- 2. Split limit property damage (“PD”);
- 3. Combined single limit (“CSL”);
- 4. Personal injury protection including medical payments (“PIP”);

5. BI, PD and PIP combined (“PACK”);
6. Uninsured and underinsured motorists, bodily injury and property damage combined (“UM”);
 - i. For developing the indications by coverage, UM data shall be combined with liability data in 1, 3 or 5 above;
7. Comprehensive (“COMP”); and
8. Collision (“COLL”).

“Earned premium” (“EP”) means direct, earned premium net of dividends paid or incurred.

“Personal Automobile Insurance Plan” or “PAIP” means the New Jersey Personal Automobile Insurance Plan established by N.J.A.C. 11:3-2.

“Rate change” means a rate increase of no more than three percent overall or not more than five percent in any single coverage. Rate change also means any decrease in rates or a change in rates that is revenue neutral.

“Written premium” (“WP”) means direct, earned premium net of dividends paid or incurred.

11:3-16B.3 Expedited filings; insurers and rating organizations

(a) An insurer and/or rating organization, pursuant to N.J.S.A. 17:33B-31, may file for a rate change in accordance with this subchapter. The insurer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a statement of the percentage and total dollar amount of the change in rates by coverage for each company included in the filing with subtotals by group of coverages (liability versus physical damage) and an overall total in the format of Appendix Exhibit E of N.J.A.C. 11:3-16 incorporated herein by reference; a statement containing the effective date of the change; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquiries regarding the filing may be directed;

2. A checklist that sets forth the information in the 16B checklist in the subchapter Appendix incorporated herein by reference;

3. An exhibit, supported by an actuarial certification, that illustrates that the new rates are within the ranges permitted by N.J.S.A. 17:29A-36 and 29A-46.6(e);

4. The manual rating pages containing the territorial base rates by coverage to be implemented, accompanied by an explanatory memorandum showing the calculation of the new rates by coverage, using the existing rates by coverage as the starting point in the calculation. The memorandum shall also include the company’s file number and effective dates for new and renewal policyholders; and

5. Completed rating examples using the examples set forth in N.J.A.C. 11:3-19A.3, which shows the proposed premium amounts.

(b) The filer may supplement a complete filing in response to questions from the Department about matters that require clarification or additional explanation, provided that the prompt review of the filing within the time frames set forth in this subchapter is not adversely affected.

11:3-16B.4 Expedited process calculations for private passenger automobile insurance

(a) General requirements for expedited rate filings are as follows:

1. Filers shall provide coverage indications based on three accident years of data. For coverages that are fully credible based on less than three years of data, filers may use two accident years of data to calculate indications for those coverages;

2. Indications may be based on either total limit or basic limit data for the liability coverages;

3. Coverage indications shall be calculated as follows:

i. Filers that only sell split limits policies shall submit separate BI and PD indications;

ii. Filers that only sell CSL policies shall submit one CSL indication. However, the BI and PD portion of losses shall be developed and trended using separate loss development triangles and trend factors;

iii. Filers that sell both split limits and CSL policies can either submit separate BI, PD and CSL indications or allocate the CSL data between BI and PD;

iv. Filers that sell PACK policies can submit one indication for the policy but the BI, PD and PIP portion of the losses shall be developed and trended using separate loss development triangles and trend factors; and

v. UM data shall be combined with liability data in (a)3i, ii, iii or iv above. Filers do not have to calculate a separate indication for UM.

(b) Filers shall provide the following information regarding projected earned premium:

1. New Jersey (NJ) earned premium by coverage, by accident year;

2. On-level factors by coverage, based on company specific historical NJ rate changes; and

3. The premium trend factors for COMP and COLL coverages, based on either annual selections from the latest approved Insurance Services Office (ISO) filing in NJ, or internal company data.

i. If supplying premium trend factors developed from internal company data, the filer shall provide all data and methodology.

(c) Ultimate loss and loss adjustment expense ("LAE") shall be determined by:

1. NJ incurred loss and defense/cost containment expense ("ALAE"), by coverage, by accident year either combined (loss and ALAE) or developed separately;

i. For COMP and COLL coverages, filers may use paid loss instead of incurred loss.

2. New Jersey loss development factors (LDFs) by coverage, either combined (loss and ALAE) or separately;

i. The selected age-to-age factors shall be based on the latest five-year X HI/LO average, that is, using a straight average of the latest seven age-to-age factors, excluding the highest and the lowest.

ii. BI and PIP LDFs shall be developed to 87 months, with a five percent tail factor from 87 months to ultimate.

iii. PD, COMP and COLL LDFs shall be developed out to 51 months, with no subsequent tail factor;

iv. LDFs for COLL and COMP shall be consistent with the methodology used in (c)1 above.

3. Loss trend factors shall be based on either annual selections from the latest approved ISO filing in NJ, or the latest available NJ Fast Track data, separately for severity and frequency by coverage (BI, PIP, PD, COMP, COLL).

i. If supplying Fast Track trend factors developed by the company, the filer shall use the 12 quarter-rolling average and provide all data and calculations.

ii. For COLL and COMP, filers may use country-wide Fast Track data to smooth out the effect of catastrophes;

4. Adjusting and other claims related expenses ("ULAE") shall be determined as a ratio of incurred "ULAE" to incurred loss plus incurred "ALAE" from the latest three-year average of Countrywide Insurance Expense Exhibit (IEE) in the insurer's annual statement filed with the Department; and

5. Effects of all applicable law changes shall be reflected, including but not limited to, the Automobile Insurance Cost Reduction Act (AICRA).

6. Filers may exclude catastrophe losses from the COMP data and include a load based either on the selected factor from ISO's last approved private passenger automobile filing in New Jersey or derive a factor from at least 10 years of the filer's internal New Jersey catastrophe COMP data.

(d) Expenses shall be determined by group of coverages (liability versus physical damage) from the total of:

1. Three year average of commissions and brokerage expense ratios based on the NJ page 14/15 of the insurer's latest annual statement filed with the Department and calculated as ratios to NJ WP;

2. Three-year average of general and other acquisition expense ratios, based on the countrywide IEE of the insurer's latest annual statement filed with the Department and calculated as ratios to EP;

3. The sum of (d)1 and 2 above are subject to the expense limitations found in N.J.A.C. 11:3-16.10(b)6 and shall not include any of the expenses listed in N.J.A.C. 11:3-16.10(b)8. Current expense limitations by type of insurer will be posted annually on the Department's website www.njdoib.org, by group of coverages (liability versus physical damage).

4. Three year average of taxes, licenses and fees ratios, based on the NJ page 14/15 of the insurer's latest annual statement filed with the Department and calculated as ratios to NJ WP;

5. The most recent Unsatisfied Claims and Judgment Fund (UCJF) assessment for liability coverages; plus

6. Profit and contingency provisions reflecting investment income computed pursuant to the "Clifford Formula" in N.J.A.C. 11:3-16.10(a).

7. Total capped expenses shall be determined from the sum of (d)3 through 6 above.

(e) Permissible loss and LAE ratios by group of coverages (liability versus physical damage) shall be determined by subtracting total capped expenses, determined in (d)7 above from 1.00.

(f) Credibility shall be determined by:

1. If the filer submits indications on a total limit basis, the full credibility standard shall be based on 4,000 claims for BI, PD, CSL and PACK. If the filer submits indications on a basic limits basis, the full credibility standard shall be based on 3,000 claims for BI, PD, CSL and PACK. The full credibility standard for PIP, COMP and COLL shall be based on 3,000 claims.

2. Alternatively, the filer may support different full credibility standards than those in (f)1 above by calculating the mean, variance and coefficient of variation from the company's internal size-of-loss distributions by coverage and then adjust the 1,082 claims frequency standard by the appropriate factors by coverage to reflect variation in severity. The severity adjustment shall be made and the filer shall provide all data together with methodology.

3. The filer shall apply the classical credibility procedure using the square-root rule to the full credibility standards obtained in either (f)1 or 2 above to determine the credibility of each coverage. The minimum credibility assigned to any coverage or combination of coverages (CSL or PACK) shall be 50 percent.

(g) The complement of credibility shall be assigned to the loss ratio trends by coverage, trended from the last effective date to the proposed effective date using premium and loss trends by coverage determined in (b)3 and (c)3 above, respectively; and

(h) The indicated rate changes by coverage and overall shall be calculated as follows:

1. The all year projected ultimate loss and LAE by coverage determined in (c) above divided by the all year projected premium by coverage determined in (b) above.

2. The raw indications by coverage shall be calculated by the all year loss and LAE ratios determined in (h)1 above divided by the permissible loss and LAE ratios determined in (e) above.

3. The credibility-weighted indications by coverage shall be determined by:

i. Paragraph (h)2 above (raw indication);

ii. Multiplied by (f)3 above (credibility);

iii. Plus $(1 + (g) \text{ above})$ (loss ratio trend);

iv. Multiplied by $(1 - (f)3 \text{ above})$ (complement of credibility).

4. The overall indication results from the credibility-weighted indications by coverage, determined in (h)3 above, weighted by the latest year's on-level projected earned premium by coverage determined in (b) above.

(i) If only uniform Statewide base rate changes by coverage are proposed, the information in (a) through (h) above is sufficient. If proposed base rate changes vary by territory, the filer shall provide credibility-weighted territorial indications by coverage, in addition to (a) through (h) above.

1. Territorial indications by coverage shall be based on three years of data and shall be indexed to the indications by coverage, derived in (h)3 above.

2. Territorial indications by coverage shall be based on a full-credibility standard of 3,000 claims per territory, with the complement of credibility applied to the Statewide indications by coverage determined in (h)3 above or to the current territorial rate/relativity.

(j) Filers that include changes to expense fees shall provide the standard, fixed expense fee calculation. For changes to deductible factors, classification factors, increased limit factors, discounts and credits, filers shall provide three year relative loss ratios to justify the proposed change(s).

(k) All filers shall use the Department's methodology set forth in (a) through (j) above. The filer can submit an alternate methodology or use different data to support its filing provided that it is clearly labeled as such and is submitted in addition to the methodology in (a) through (j) above. The Department's review of any alternate methodology or data submission is not governed by the time frames in N.J.A.C. 11:3-16B.6(d).

11:3-16B.5 Limitation on filer's rate request

(a) If the overall indicated change as determined in N.J.A.C. 11:3-16B.4 is an increase of three percent or more, the filer shall request an overall increase of no more than three percent.

(b) If the overall indicated change as determined by N.J.A.C. 11:3-16B.4 is less than three percent, the filer shall request no more than the overall rate change that is indicated.

(c) Filers shall be permitted to seek single coverage increases of up to five percent provided the rate change is indicated by coverage and the overall increase does not exceed three percent.

(d) A filer may not have more than one rate-change request pursuant to this subchapter approved in any 12-month period.

11:3-16B.6 Review; general principles; actions

(a) If the Commissioner determines that the filing will not produce rates that are excessive, are inadequate for the safety and soundness of the insurer, or are unfairly discriminatory between risks in this State involving substantially the same hazards and expense elements, then the Commissioner shall approve the filing.

(b) A filing will be deemed submitted when it is received by the Department's Property and Casualty Office and is accompanied by:

1. All the documents, exhibits and calculations required by this subchapter; and

2. A certification of a qualified actuary, specifying that the filing is complete and complies with this subchapter.

(c) After a filing has been submitted in accordance with (b) above, the Department, within 20 days of receipt, shall conduct a preliminary review to determine if it is in compliance with N.J.S.A. 17:29A-46.6 and this subchapter. If the filing is in compliance, it shall be deemed complete by the Department. If a filing is not in compliance, the filer will be notified of deficiencies in the filing within 20 days of receipt. If the filer is not notified of deficiencies within 20 days of receipt, it shall be deemed complete and is under review.

(d) The Commissioner shall render a decision within 45 days of receipt of the filing.

(e) The Commissioner, pursuant to (a) above and N.J.S.A. 17:29A-46.6d, shall render one of the following determinations on the filing:

1. Approve the rate change filing as filed;
2. Disapprove the rate change filing; or
3. Approve a modified rate change filing.

(f) In the event additional time is needed to act on a complete rate change filing, the Department may seek an extension of time from the Commissioner, which shall not exceed 60 days from receipt of the filing.

(g) A disapproval or modification of the filing by the Commissioner shall be considered a final agency decision in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.

(h) If a filer has a pending application for prior approval rate change submitted in accordance with N.J.A.C. 11:3-16.6, the filer shall promptly amend such pending filing to reflect any rate change approved in accordance with this subchapter.

(i) If a filer has a pending application for an expedited rate change pursuant to this subchapter, the filer shall promptly amend such pending filing to reflect any rate change approved in accordance with N.J.A.C. 11:3-16.6.

APPENDIX

16B Checklist

- (1) Cover letter
- (2) Manual pages
- (3) Certification
- (4) Filer's name
- (5) Effective date for new and renewal policies
- (6) Number of exposures affected
- (7) Rating examples
- (8) Average premium, current and proposed by coverage
- (9) Calculations showing proposed rates are in compliance with N.J.S.A. 17:29A–36
- (10) Calculation of projected earned premium
- (11) Derivation of on-level factors and submission of a rate history
- (12) Derivation of annual premium trends (if submitting company data) or annual selections (if using ISO factors) and derivation of the premium trend period
- (13) Calculation of ultimate loss and LAE
- (14) Derivation of loss development factors
- (15) Derivation of annual loss trends (if submitting Fast Track data) or annual selections (if using ISO factors) and derivation of the loss trend period
- (16) Derivation of unallocated loss adjustment expense factors
- (17) Derivation of factors to reflect applicable law changes
- (18) Derivation of the full-credibility percentages and standards (if submitting company data)
- (19) Derivation of the complements of credibility, i.e. the loss ratio trend factors
- (20) Calculation of permissible loss and LAE ratios
- (21) Derivation of expense ratios
- (22) Derivation of profit and contingency provisions reflecting investment income
- (23) Credibility-weighted indications by coverage and overall
- (24) Territorial indications by coverage (if not proposing uniform base rate changes by territory)
- (25) Completed N.J.A.C. 11:3–16 Appendix–Exhibit E.

SUBCHAPTER 17. RATE INTERVENOR RULES

Authority

N.J.S.A. 17:1–8.1, 17:1–15c and 17:29A–46.7 and 46.8.

Source and Effective Date

R.2001 d.270, effective August 6, 2001.
See: 33 N.J.R. 1305(a), 33 N.J.R. 2694(a).

11:3–17.1 Purpose and scope

The purpose of these rules is to establish standards and procedures for persons who wish to intervene in private passenger automobile rate filings pursuant to N.J.A.C. 11:3–16.

11:3–17.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

“Commissioner” means the Commissioner of the New Jersey Department of Banking and Insurance.

“Filer” means a rating organization or any insurer making its own rates or loss costs or a portion thereof, establishing or proposing to establish a new rate or rate change.

“Insurer” or “insurance company” means an entity authorized or eligible to transact the business of insurance in New Jersey.

“Intervenor” means a person or entity registered by the Commissioner of Banking and Insurance to intervene in rate filings. In order to be an intervenor, the person or entity shall file with the Department by submitting the registration form in accordance with N.J.A.C. 11:3–17.3.

“Rate filing” means a filing by an automobile insurer writing private passenger automobile insurance in this State, made pursuant to N.J.S.A. 17:29A–14 and N.J.A.C. 11:3–16, that seeks an overall rate increase. It does not include an expedited prior approval filing made pursuant to N.J.S.A. 17:29A–46.6; or a filing made pursuant to any statutory change in coverage; a policy form filing, tier rating filing, or classification rating plan.

“Rate increase” means a change in base rates or loss costs by coverage that results in an overall increase in premium.

“Substantial contribution” means that the intervenor substantially contributed, as a whole, to the Commissioner’s Final Decision and Order on the rate filing, by presenting relevant issues, evidence or arguments which were separate and distinct from those emphasized by the Department of Banking and Insurance staff or any other party, such that the intervenor’s participation resulted in more relevant credible, and nonfrivolous information being available for the Commissioner to make his or her decision than would have been available to the Commissioner had the intervenor not participated.

Amended by R.2001 d.441, effective November 19, 2001.
See: 33 N.J.R. 2730(a), 33 N.J.R. 3280(a), 33 N.J.R. 3897(a).
Added “Substantial contribution”.

11:3–17.3 Intervenor registration requirements

(a) Any person or entity that wishes to register as an intervenor in a rate filing shall certify to the following qualifications in the application form incorporated herein by reference as Appendix A to this subchapter:

1. Expertise in the insurance laws of this State;
2. An understanding of the actuarial principles employed in establishing rates and rating systems;
3. Sufficient access to a qualified actuary (for example, a Fellow of the Casualty Actuarial Society or a Member of the American Academy of Actuaries) and sufficient expertise to conduct a technical examination of a rate filing;

4. Sufficient resources to intervene in the rate filing process as provided in this subchapter; and

5. A demonstrated commitment to represent the interest of consumers and accept a duty of fidelity to do so.

(b) Persons or entities who have met the requirements in (a) above may register with the Department by submitting the following:

1. A completed registration form (Appendix A); and

2. A registration fee of \$100.00 dollars which shall accompany the registration form. A check or money order for the fee shall be made payable to the New Jersey Department of Banking and Insurance.

(c) An annual renewal fee of \$100.00 shall be made payable to the New Jersey Department of Banking and Insurance.

(d) Registration and renewal information shall be sent to the Department at the following address:

New Jersey Department of Banking and Insurance
Property/Casualty
Attention: Rate Intervenor Registration
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325

3. Underwriting rules shall be based on objective, specific and verifiable criteria. No underwriting rule shall be based on subjective judgments such as "pride of ownership evident," "poor attitude," "unsatisfactory environment to conduct business," etc.;

4. Underwriting rules shall not be based on the previous coverage of an insured or applicant by a substandard insurer in such a way that the insurer is relying upon application of the previous insurers underwriting rules and not its own;

5. Underwriting rules shall not be based on the nonrenewal of an insured prior to June 30, 1997 in accordance with N.J.S.A. 17:29C-7.1b or 7.1c except as permitted by N.J.A.C. 11:3-19A.7(f); and

6. Underwriting rules shall not be based on race, color, creed, religion, national origin or ancestry.

(c) Insurers who, as a result of the enactment of P.L. 2003, c.89, revise their underwriting rules based on the number of motor vehicle points accumulated by a named insured or a regular operator of a vehicle insured under the policy, shall certify to the Commissioner that the revised rules will produce rates that are revenue neutral based upon the insurer's current coverages and book of business. That certification shall be provided to the Commissioner at the time that the revised underwriting rules are submitted for approval in accordance with N.J.A.C. 11:3-19A.3 and 19A.4.

Amended by R.2003 d.468, effective December 1, 2003.

See: 35 N.J.R. 3097(a), 35 N.J.R. 5422(a).

In (a), rewrote 3; added (c).

11:3-19A.6 Policy renewals and notice to insureds

(a) An insurer that has implemented a tier rating plan shall issue and renew its policies at the appropriate tier for which the risk qualifies in accordance with the insurer's approved underwriting rules.

1. The transfer of a risk from one company to another in accordance with an insurer's tier rating plan shall not be deemed to be nonrenewal of the policy as provided by N.J.S.A. 39:6A-2.

2. If the insured qualifies for a higher rated tier after having been insured at a lower rated tier, the insurer shall renew the insured at the higher rated tier after providing notice to the insured at the time of renewal advising the insured that he or she is being placed in a higher rated tier resulting in a greater premium.

(b) An insurer that has implemented a tier rating plan shall state on the policy declaration page, or some other writing accompanying the policy, the tier level that was used to rate the policy.

Amended by R.1998 d.591, effective December 21, 1998 (operative March 22, 1999).

See: 30 N.J.R. 3202(a), 30 N.J.R. 4390(b).

Rewrote (a).

11:3-19A.7 Underwriting rules for eligible persons

(a) All affiliated companies shall file for approval underwriting rules that provide that the affiliated companies will make an offer to renew any of its insureds who are defined as an "eligible person" in N.J.A.C. 11:3-34.

(b) All affiliated companies shall file for approval underwriting rules that provide the insurer shall not refuse to insure, refuse to renew or limit coverage available to any of its insured, or to any applicant for insurance, which is defined as an "eligible person" in N.J.A.C. 11:3-34.

(c) An insurer may file for approval underwriting rules pursuant to which it will determine whether to insure any person not defined as an "eligible person" in N.J.A.C. 11:3-34.

(d) Underwriting rules for eligible persons shall not provide that coverage will be declined based on whether a member of the insured household is not an "eligible person" as defined in N.J.A.C. 11:3-34 unless the member of the insured household accounts for 10 percent or more of the use of the automobile insured or to be insured. For the purposes of this section:

1. Any driver who is the principal driver of an automobile shall be presumed not to account for 10 percent or more of the use of any other automobile in the household.

2. When there are more automobiles than drivers in the household, a person shall be presumed not to be the principal driver of more than one automobile.

(e) Insurers may file for approval underwriting rules by which it cancels the policy during the policy term under a policy insuring an eligible person pursuant to N.J.S.A. 17:29A-7(A)(b) when the driver's license or motor vehicle registration of another named insured or person insured under the policy who either resides in the same household or customarily operates an automobile insured under the policy has been suspended or revoked. The Department shall approve such underwriting rules if they include the following provisions:

1. The underwriting rules provide for the cancellation of the policy when the driver's license or motor vehicle registration is suspended or revoked during the policy term for one or more of the following reasons:

i. Conviction of operating a motor vehicle under the influence of alcohol or drugs (N.J.S.A. 39:4-50.4);

ii. Conviction of refusal to submit to a chemical test (N.J.S.A. 2C:11-2);

iii. Conviction of vehicular homicide (N.J.S.A. 2C:11-2);

iv. Conviction of operating a motor vehicle while driving privilege is suspended (N.J.S.A. 39:3-40);

v. Conviction of operating a motor vehicle without liability insurance (N.J.S.A. 39:6B-2);

vi. Conviction of misrepresentation of insurance coverage (N.J.S.A. 39:6A-15);

vii. Accumulation of motor vehicle penalty points pursuant to N.J.S.A. 39:5-30.5; or

viii. By a court upon conviction of one of the following motor vehicle violations: racing on a highway (N.J.S.A. 39:5C-1); failure to pass to right of vehicle proceeding in opposite direction (N.J.S.A. 39:4-84); tailgating (N.J.S.A. 39:4-89); reckless driving (N.J.S.A. 39:4-96); exceeding a speed limit by 30 MPH or more (N.J.S.A. 39:4-99); improperly passing a school bus (N.J.S.A. 39:4-128.1); or leaving the scene of an accident in which personal injury occurred (N.J.S.A. 39:4-129);

2. The underwriting rules provide for the cancellation of the policy when:

i. An insured is convicted of a violation of N.J.S.A. 39:6B-2 during the policy term; or

ii. Other evidence exists indicating that the suspended or revoked driver has been operating a vehicle during a period of suspension as set forth in (e)1 above; and

3. The underwriting rules provide that coverage for eligible persons shall not be cancelled when the driver's license or motor vehicle registration of an insured is suspended or revoked for any reason other than those set forth in (e)1 above.

(f) Insurers may file for approval underwriting rules by which it declines coverage for one policy period not to exceed one year to eligible persons who have been nonrenewed pursuant to N.J.S.A. 17:29C-7.1(b) and (c) and N.J.A.C. 11:3-8.5(a)2 and 3.

Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R.3891(a), 33 N.J.R. 573(a).

In (f), amended the N.J.A.C. reference.

11:3-19A.8 Penalties

Failure to comply with the provisions of this subchapter shall result in the imposition of penalties as authorized by law.

11:3-19A.9 (Reserved)

Repealed by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Section was "Transition".

APPENDIX

The following information shall be used to provide rating examples for Drivers A, B, C and D as listed below:

1. PAIP territories 2, 15 and 40;
2. Verbal and zero thresholds;
3. Liability limits 100/300/50 or 300 CSL;
4. Operator is "all other" class;
5. Annual mileage is 12,000;
6. Basic PIP;
7. \$500 deductibles for comprehensive and collision;
8. Model Year = Current Year -2, (for example, in calendar year 1997 the model year would be 1995);
9. Symbol is based on a Pontiac Grant Am SE Coupe; and
10. Insured with company for five years.

Filers shall furnish rating examples for the following. (If a driver qualifies for more than one tier, use the highest rating tier):

1. Driver A: 0 MVR points, 0 accidents, companion policy.
2. Driver B: 6 MVR points, 0 accident.
3. Driver C: 7 MVR points, 0 accident.
4. Driver D: 0 MVR points, 1 accident.

SUBCHAPTER 20. REPORTING FINANCIAL DISCLOSURE AND EXCESS PROFITS

11:3-20.1 Purpose

This subchapter sets forth the financial disclosure and excess profits reporting requirements pursuant to N.J.S.A. 17:29A-5.6 to 17:29A-5.16.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Case Notes

Insurance commissioner failed to utilize statutory rule-making procedures in changing evaluation of excess profits. *American Employers' Ins. Co. v. Commissioner of Ins., Dept. of Ins., State of N.J.*, 236 N.J.Super. 428, 566 A.2d 202 (A.D.1989).

11:3-20.2 Scope

The provisions of this subchapter apply to all insurers authorized to transact private passenger automobile insurance business in this State.

11:3-20.3 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Actuarial gain” means the remainder obtained by subtracting the allowance for profit and contingencies from underwriting income which remainder may be positive or negative. The allowance for profit and contingencies is determined by the Clifford formula as a 3.5 percent of Earned Premium or 5.38 percent on a pre-tax basis, using the Federal corporate tax rate of 35 percent.

“AIRE Allocation” means the amount received exclusive of the company’s share of Investment Income from the New Jersey Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39A:6A-22.

“AIRE Assessment” means the amount paid to the Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39:6A-22.

“AIRE Investment Income” means the company’s share of Investment Income received from the New Jersey Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39:6A-22.

“ALAE” means Defense and Cost Containment Expense as stated on the statutory annual statement, formerly identified as Allocated Loss Adjustment Expense.

“AY” means Accident Year.

“CY” means Calendar Year.

“Calendar-accident year” means the period from January 1 to December 31, during which, in the appropriate context:

1. Premium or investment income was earned;
2. Expenses were incurred; or
3. Accidents occurred which resulted in losses, loss adjustment expenses or AIRE compensation.

“Car year” means the unit of exposure equivalent to the insuring of one automobile for 12 months, or two automobiles for six months each.

“Combined profits report” means the Excess Profits Report consisting of the aggregated profits results of all members within an insurance holding company system.

“Commissioner” means the Commissioner of Banking and Insurance.

“Development adjustment” means the difference obtained by subtracting:

1. Loss and loss adjustment expenses for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year preceding the year in which the profits report required by N.J.A.C. 11:3-20.5 is due; from
2. Losses and loss adjustment expenses for the calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profits report is due.

“Direct business” means policies written by the insurer as the primary carrier, and does not reflect premiums ceded to or losses recovered from other carriers on account of reinsurance ceded, premiums received from or losses paid to other carriers on account of reinsurance assumed, or any expenses paid or incurred as a result of a reinsurance transaction.

“Exempted types” are those kinds of coverage arising out of a specialty program which uses its own rates, rules, and policy forms which have been filed with and approved by the Department and does not include private passenger automobile insurance coverage. “Exempted types” include, but are not limited to, motorcycles, “off-road” vehicles, motor homes, antique automobiles and excess liability.

“IBNR” means Incurred but Not Reported.

“Insurance holding company system” for the purpose of the excess profits report means two or more insurers under the same ultimate common ownership each of whom writes private passenger automobile insurance in New Jersey.

“Insurer” means an entity authorized or admitted to transact private passenger automobile insurance in New Jersey. Insurer does not include any residual market mechanism for automobile insurance for the purposes of this subchapter.

“LAD fees” mean a buy-out fee as defined in the New Jersey Personal Automobile Insurance Plan, Plan of Operation, Article 5, D8.

“Non-excessive subsidization” means the number of dollars of excess profit, as calculated pursuant to this subchapter, for an individual insurer within an insurance holding company system, that is less than or equal to .5 percent (one half of one percent) of its earned premiums for the three calendar-accident years immediately preceding the year in which the Excess Profits Report is due to the extent that this excess profit has not been refunded or credited to policyholders.

NEW JERSEY COUNTY/MUNICIPALITY CODES
Enter the Appropriate Four-Digit Number on Line 6, Vendor Data

ATLANTIC COUNTY

- 0101 - Absecon City
- 0102 - Atlantic City
- 0103 - Brigantine City
- 0104 - Buena Bor.
- 0105 - Buena Vista Twp.
- 0106 - Corbin City City
- 0107 - Egg Harbor City
- 0108 - Egg Harbor Twp.
- 0109 - Estell Manor City
- 0110 - Folsom Bor.
- 0111 - Galloway Twp.
- 0112 - Hamilton Twp.
- 0113 - Hammonton Town
- 0114 - Linwood City
- 0115 - Longport Bor.
- 0116 - Margate City
- 0117 - Mullica Twp.
- 0118 - Northfield City
- 0119 - Pleasantville City
- 0120 - Port Republic City
- 0121 - Somers Point City
- 0122 - Ventnor City
- 0123 - Weymouth Twp.

BERGEN COUNTY

- 0201 - Allendale Bor.
- 0202 - Alpine Bor.
- 0203 - Bergenfield Bor.
- 0204 - Bogota Bor.
- 0205 - Carlstadt Bor.
- 0206 - Cliffside Park Bor.
- 0207 - Closter Bor.
- 0208 - Cresskill Bor.
- 0209 - Demarest Bor.
- 0210 - Dumont Bor.
- 0211 - Elmwood Park Bor.
- 0212 - East Rutherford Bor.
- 0213 - Edgewater Bor.
- 0214 - Emerson Bor.
- 0215 - Englewood City
- 0216 - Englewood Cliffs Bor.
- 0217 - Fair Lawn Bor.
- 0218 - Fairview Bor.
- 0219 - Fort Lee Bor.
- 0220 - Franklin Lakes Bor.
- 0221 - Garfield City
- 0222 - Glen Rock Bor.
- 0223 - Hackensack City
- 0224 - Harrington Park Bor.
- 0225 - Hasbrouck Heights Bor.
- 0226 - Haworth Bor.
- 0227 - Hillsdale Bor.
- 0228 - Hohokus Bor.
- 0229 - Leonia Bor.
- 0230 - Little Ferry Bor.
- 0231 - Lodi Bor.
- 0232 - Lyndhurst Twp.
- 0233 - Mahwah Twp.
- 0234 - Maywood Bor.
- 0235 - Midland Park Bor.
- 0236 - Montvale Bor.
- 0237 - Moonachie Bor.
- 0238 - New Milford Bor.
- 0239 - North Arlington Bor.
- 0240 - Northvale Bor.
- 0241 - Norwood Bor.
- 0242 - Oakland Bor.
- 0243 - Old Tappan Bor.
- 0244 - Oradell Bor.
- 0245 - Palisades Park Bor.
- 0246 - Paramus Bor.
- 0247 - Park Ridge Bor.
- 0248 - Ramsey Bor.
- 0249 - Ridgefield Bor.
- 0250 - Ridgefield Park Village
- 0251 - Ridgewood Village
- 0252 - Riveredge Bor.
- 0253 - Rivervale Twp.
- 0254 - Rochelle Park Twp.
- 0255 - Rockleigh Bor.
- 0256 - Rutherford Bor.
- 0257 - Saddle Brook Twp.
- 0258 - Saddle River Bor.
- 0259 - South Hackensack Twp.
- 0260 - Teaneck Twp.
- 0261 - Tenafly Bor.
- 0262 - Teterboro Bor.
- 0263 - Upper Saddle River Bor.
- 0264 - Waldwick Bor.
- 0265 - Wallington Bor.
- 0266 - Washington Twp.
- 0267 - Westwood Bor.
- 0268 - Woodcliff Lake Bor.
- 0269 - Wood-Ridge Bor.
- 0270 - Wyckoff Twp.

BURLINGTON COUNTY

- 0301 - Bass River Twp.
- 0302 - Beverly City
- 0303 - Bordertown City

- 0304 - Bordertown Twp.
- 0305 - Burlington City
- 0306 - Burlington Twp.
- 0307 - Chesterfield Twp.
- 0308 - Cinnaminson Twp.
- 0309 - Delancey Twp.
- 0310 - Delran Twp.
- 0311 - Eastampton Twp.
- 0312 - Edgewater Park Twp.
- 0313 - Evesham Twp.
- 0314 - Fieldsboro Bor.
- 0315 - Florence Twp.
- 0316 - Hainesport Twp.
- 0317 - Lumberton Twp.
- 0318 - Mansfield Twp.
- 0319 - Maple Shade Twp.
- 0320 - Medford Twp.
- 0321 - Medford Lakes Bor.
- 0322 - Moorestown Twp.
- 0323 - Mount Holly Twp.
- 0324 - Mount Laurel Twp.
- 0325 - New Hanover Twp.
- 0326 - No. Hanover Twp.
- 0327 - Palmyra Bor.
- 0328 - Pemberton Bor.
- 0329 - Pemberton Twp.
- 0330 - Riverside Twp.
- 0331 - Riverton Bor.
- 0332 - Shamong Twp.
- 0333 - Southampton Twp.
- 0334 - Springfield Twp.
- 0335 - Tabernacle Twp.
- 0336 - Washington Twp.
- 0337 - Westampton Twp.
- 0338 - Willingboro Twp.
- 0339 - Woodland Twp.
- 0340 - Wrightstown Bor.

CAMDEN COUNTY

- 0401 - Audubon Bor.
- 0402 - Audubon Park Bor.
- 0403 - Barrington Bor.
- 0404 - Bellmawr Bor.
- 0405 - Berlin Bor.
- 0406 - Berlin Twp.
- 0407 - Brooklawn Bor.
- 0408 - Camden City
- 0409 - Cherry Hill Twp.
- 0410 - Chesnut Bor.
- 0411 - Clémenton Bor.
- 0412 - Collingswood Bor.
- 0413 - Gibbsboro Bor.
- 0414 - Gloucester City
- 0415 - Gloucester Twp.
- 0416 - Haddon Twp.
- 0417 - Haddonfield Bor.
- 0418 - Haddon Heights Bor.
- 0419 - Hi Nella Bor.
- 0420 - Laurel Springs Bor.
- 0421 - Lawnside Bor.
- 0422 - Lindenwold Bor.
- 0423 - Magnolia Bor.
- 0424 - Merchantville Bor.
- 0425 - Mt. Ephraim Bor.
- 0426 - Oaklyn Bor.
- 0427 - Pennsauken Twp.
- 0428 - Pine Hill Bor.
- 0429 - Pine Valley Bor.
- 0430 - Runnemede Bor.
- 0431 - Somerdale Bor.
- 0432 - Stratford Bor.
- 0433 - Tavistock Bor.
- 0434 - Voorhees Twp.
- 0435 - Waterford Twp.
- 0436 - Winslow Twp.
- 0437 - Woodlyne Bor.

CAPE MAY COUNTY

- 0501 - Avalon Bor.
- 0502 - Cape May City
- 0503 - Cape May Point Bor.
- 0504 - Dennis Twp.
- 0505 - Lower Twp.
- 0506 - Middle Twp.
- 0507 - North Wildwood City
- 0508 - Ocean City City
- 0509 - Sea Isle City City
- 0510 - Stone Harbor Bor.
- 0511 - Upper Twp.
- 0512 - West Cape May Bor.
- 0513 - West Wildwood Bor.
- 0514 - Wildwood City
- 0515 - Wildwood Crest Bor.
- 0516 - Woodbine Bor.

CUMBERLAND COUNTY

- 0601 - Bridgeton City
- 0602 - Commercial City
- 0603 - Deerfield Twp.
- 0604 - Downe Twp.
- 0605 - Fairfield Twp.

- 0606 - Greenwich Twp.
- 0607 - Hopewell Twp.
- 0608 - Lawrence Twp.
- 0609 - Maurice River Twp.
- 0610 - Millville City
- 0611 - Shiloh Bor.
- 0612 - Stow Creek Twp.
- 0613 - Upper Deerfield Twp.
- 0614 - Vineland City

ESSEX COUNTY

- 0701 - Belleville Twp.
- 0702 - Bloomfield Twp.
- 0703 - Caldwell Borough Twp.
- 0704 - Cedar Grove City.
- 0705 - East Orange Twp.
- 0706 - Essex Falls Twp.
- 0707 - Fairfield Twp.
- 0708 - Glen Ridge Twp.
- 0709 - Irvington Twp.
- 0710 - Livingston Twp.
- 0711 - Maplewood Twp.
- 0712 - Millburn Twp.
- 0713 - Montclair Twp.
- 0714 - Newark City
- 0715 - North Caldwell Twp.
- 0716 - Nutley Twp.
- 0717 - Orange City Twp.
- 0718 - Roseland Bor.
- 0719 - South Orange Village
- 0720 - Verona Twp.
- 0721 - West Caldwell Twp.
- 0722 - West Orange Twp.

GLOUCESTER COUNTY

- 0801 - Clifton Bor.
- 0802 - Deptford Twp.
- 0803 - East Greenwich Twp.
- 0804 - Elk Twp.
- 0805 - Franklin Twp.
- 0806 - Glassboro Bor.
- 0807 - Greenwich Twp.
- 0808 - Harrison Twp.
- 0809 - Logan Twp.
- 0810 - Mantua Twp.
- 0811 - Monroe Twp.
- 0812 - National Park Bor.
- 0813 - Newfield Bor.
- 0814 - Paulsboro Bor.
- 0815 - Pitman Bor.
- 0816 - South Harrison Twp.
- 0817 - Swedesboro Bor.
- 0818 - Washington Twp.
- 0819 - Wenonah Bor.
- 0820 - West Deptford Twp.
- 0821 - Westville Bor.
- 0822 - Woodbury City
- 0823 - Woodbury Heights Bor.
- 0824 - Woolwich Twp.

HUDSON COUNTY

- 0901 - Bayonne City
- 0902 - East Newark Bor.
- 0903 - Guttenburg Town
- 0904 - Harrison Town
- 0905 - Hoboken City
- 0906 - Jersey City City
- 0907 - Kearny Twp.
- 0908 - North Bergen Twp.
- 0909 - Secaucus Town
- 0910 - Union City City
- 0911 - Weehawken Twp.
- 0912 - West New York

HUNTERDON COUNTY

- 1001 - Alexandria Twp.
- 1002 - Bethlehem Twp.
- 1003 - Calonsbury Bor.
- 1004 - Calton Bor.
- 1005 - Clinton Town
- 1006 - Clinton Twp.
- 1007 - Delaware Twp.
- 1008 - East Amwell Twp.
- 1009 - Flemington Twp.
- 1010 - Franklin Twp.
- 1011 - Frenchtown Bor.
- 1012 - Glen Gardner Bor.
- 1013 - Hampton Bor.
- 1014 - High Bridge Bor.
- 1015 - Holland Twp.
- 1016 - Kingwood Twp.
- 1017 - Lambertville City
- 1018 - Lebanon Bor.
- 1019 - Lebanon Twp.
- 1020 - Milford Bor.
- 1021 - Raritan Twp.
- 1022 - Readington Twp.
- 1023 - Stockton Bor.
- 1024 - Tewksbury Twp.
- 1025 - Union Twp.
- 1026 - West Amwell Twp.

MERCER COUNTY

- 1101 - East Windsor Twp.
- 1102 - Ewing Twp.
- 1103 - Hamilton Twp.
- 1104 - Hightstown Bor.
- 1105 - Hopewell Bor.
- 1106 - Hopewell Twp.
- 1107 - Lawrence Twp.
- 1108 - Pennington Bor.
- 1109 - Princeton Bor.
- 1110 - Princeton Twp.
- 1111 - Trenton City
- 1112 - Washington Twp.
- 1113 - West Windsor Twp.

MIDDLESEX COUNTY

- 1201 - Carteret Bor.
- 1202 - Cranbury Twp.
- 1203 - Dunellen Bor.
- 1204 - East Brunswick
- 1205 - Edison Twp.
- 1206 - Helmetta Bor.
- 1207 - Highland Park Bor.
- 1208 - Jamesburg Bor.
- 1209 - Metuchen Bor.
- 1210 - Middlesex Bor.
- 1211 - Milltown Twp.
- 1212 - Monroe Twp.
- 1213 - North Brunswick City
- 1214 - North Brunswick Twp.
- 1215 - Old Bridge Twp.
- 1216 - Perth Amboy City
- 1217 - Piscataway Twp.
- 1218 - Plainsboro Twp.
- 1219 - Sayreville Bor.
- 1220 - South Amboy City
- 1221 - South Brunswick Twp.
- 1222 - South Plainfield Bor.
- 1223 - South River Bor.
- 1224 - Spotswood Bor.
- 1225 - Woodbridge Twp.

MONMOUTH COUNTY

- 1301 - Aberdeen Twp.
- 1302 - Allenhurst Bor.
- 1303 - Allentown Bor.
- 1304 - Asbury Park City
- 1305 - Atlantic Highlands Bor.
- 1306 - Avon-by-the-sea Bor.
- 1307 - Belmar Bor.
- 1308 - Bradley Beach Bor.
- 1309 - Brnelle Bor.
- 1310 - Colts Neck Twp.
- 1311 - Deal Bor.
- 1312 - Eatontown Bor.
- 1313 - Englishtown Bor.
- 1314 - Fair Haven Bor.
- 1315 - Farmingdale
- 1316 - Freehold Twp.
- 1317 - Freehold Twp.
- 1318 - Hazlet Twp.
- 1319 - Highlands Bor.
- 1320 - Holmdel Bor.
- 1321 - Howell Twp.
- 1322 - Interlaken Bor.
- 1323 - Keansburg Bor.
- 1324 - Keyport Bor.
- 1325 - Little Silver Bor.
- 1326 - Loch Arbour Village
- 1327 - Long Branch City
- 1328 - Manalapan Twp.
- 1329 - Manasquan Bor.
- 1330 - Marlboro Twp.
- 1331 - Matawan Bor.
- 1332 - Middletown Twp.
- 1333 - Millstone Twp.
- 1334 - Monmouth Beach Bor.
- 1335 - Neptune Twp.
- 1336 - Neptune City Bor.
- 1337 - Ocean Twp.
- 1338 - Oceanport Bor.
- 1339 - Red Bank Bor.
- 1340 - Roosevelt Bor.
- 1341 - Rumson Bor.
- 1342 - Sea Bright Bor.
- 1343 - Sea Girt Bor.
- 1344 - Shrewsbury Bor.
- 1345 - Shrewsbury Twp.
- 1346 - South Belmar Bor.
- 1347 - Spring Lake Bor.
- 1348 - Spring Lake Heights Bor.
- 1349 - Tinton Falls Bor.
- 1350 - Union Beach Bor.
- 1351 - Upper Freehold Twp.
- 1352 - Wall Twp.
- 1353 - West Long Branch Bor.

PASSAIC COUNTY

- 1601 - Bloomingdale Bor.
- 1602 - Clifton City
- 1603 - Haledon Bor.
- 1604 - Hawthorne Bor.
- 1605 - Little Falls Twp.
- 1606 - North Haledon Bor.
- 1607 - Passaic City
- 1608 - Paterson City
- 1609 - Pompton Lakes Bor.
- 1610 - Prospect Park Bor.
- 1611 - Ringwood Bor.
- 1612 - Totowa Bor.
- 1613 - Wanauque Bor.
- 1614 - Wayne Twp.
- 1615 - West Milford Twp.
- 1616 - West Paterson Bor.

SALEM COUNTY

- 1701 - Alloway Twp.
- 1702 - Carneys Point Twp.
- 1703 - Elmer Bor.
- 1704 - Eslinboro Twp.
- 1705 - Lower Alloways Creek Twp.
- 1706 - Mannington Twp.
- 1707 - Oldmans Twp.
- 1708 - Penns Grove Bor.
- 1709 - Pennsville Twp.
- 1710 - Pilesgrove Twp.

MORRIS COUNTY

- 1401 - Boonton Town
- 1402 - Boonton Twp.
- 1403 - Butler Bor.

- 1404 - Chatham Bor.
- 1405 - Chatham Twp.
- 1406 - Chester Bor.
- 1407 - Chester Twp.
- 1408 - Denville Twp.
- 1409 - Dover Twp.
- 1410 - East Hanover Twp.
- 1411 - Florham Park Bor.
- 1412 - Hanover Twp.
- 1413 - Harding Twp.
- 1414 - Jefferson Twp.
- 1415 - Kinnelon Bor.
- 1416 - Lincoln Park Bor.
- 1417 - Madison Bor.
- 1418 - Mendham Bor.
- 1419 - Mendham Twp.
- 1420 - Mine Hill Twp.
- 1421 - Montville Twp.
- 1422 - Morris Twp.
- 1423 - Morris Plains Bor.
- 1424 - Mountaintown Twp.
- 1425 - Mountain Lakes Bor.
- 1426 - Mount Arlington Bor.
- 1427 - Mount Olive Twp.
- 1428 - Netcong Bor.
- 1429 - Par-Troy Hills Twp.
- 1430 - Passaic Twp.
- 1431 - Pequannock Twp.
- 1432 - Randolph Twp.
- 1433 - Riverdale Bor.
- 1434 - Rockaway Bor.
- 1435 - Rockaway Twp.
- 1436 - Roxbury Twp.
- 1437 - Victory Gardens Bor.
- 1438 - Washington Twp.
- 1439 - Wharton Bor.

OCEAN COUNTY

- 1501 - Barnegat Twp.
- 1502 - Barnegat Light Bor.
- 1503 - Bay Head Bor.
- 1504 - Beach Haven Bor.
- 1505 - Beachwood Bor.
- 1506 - Berkeley Twp.
- 1507 - Brick Twp.
- 1508 - Dover Twp.
- 1509 - Eagleswood Twp.
- 1510 - Harvey Cedars Bor.
- 1511 - Island Heights Bor.
- 1512 - Jackson Twp.
- 1513 - Lacey Twp.
- 1514 - Lakehurst Bor.
- 1515 - Lakewood Twp.
- 1516 - Lavellette Bor.
- 1517 - Little Egg Harbor Twp.
- 1518 - Long Beach Twp.
- 1519 - Manchester Twp.
- 1520 - Mantoloking Bor.
- 1521 - Ocean Twp.
- 1522 - Ocean Gate Bor.
- 1523 - Pine Beach Bor.
- 1524 - Plumsted Twp.
- 1525 - Pt. Pleasant Bor.
- 1526 - Pt Pleasant Beach Bor.
- 1527 - Seaside Heights Bor.
- 1528 - Seaside Park Bor.
- 1529 - Ship Bottom Bor.
- 1530 - South Toms River Bor.
- 1531 - Stafford Twp.
- 1532 - Surf City Bor.
- 1533 - Tuckerton Bor.

PASSAIC COUNTY

- 1601 - Bloomingdale Bor.
- 1602 - Clifton City
- 1603 - Haledon Bor.
- 1604 - Hawthorne Bor.
- 1605 - Little Falls Twp.
- 1606 - North Haledon Bor.
- 1607 - Passaic City
- 1608 - Paterson City
- 1609 - Pompton Lakes Bor.
- 1610 - Prospect Park Bor.
- 1611 - Ringwood Bor.
- 1612 - Totowa Bor.
- 1613 - Wanauque Bor.
- 1614 - Wayne Twp.
- 1615 - West Milford Twp.
- 1616 - West Paterson Bor.

SALEM COUNTY

- 1701 - Alloway Twp.
- 1702 - Carneys Point Twp.
- 1703 - Elmer Bor.
- 1704 - Eslinboro Twp.
- 1705 - Lower Alloways Creek Twp.
- 1706 - Mannington Twp.
- 1707 - Oldmans Twp.
- 1708 - Penns Grove Bor.
- 1709 - Pennsville Twp.
- 1710 - Pilesgrove Twp.

- 1711 - Pittsgrove Twp.
- 1712 - Quinton Twp.
- 1713 - Salem City
- 1714 - Upper Pittsgrove Twp.
- 1715 - Woodstown Bor.

SOMERSET COUNTY

- 1801 - Bedminster Twp.
- 1802 - Bernards Twp.
- 1803 - Bernardsville Bor.
- 1804 - Bound Brook Bor.
- 1805 - Branchburg Twp.
- 1806 - Bridgewater Twp.
- 1807 - Far Hills Bor.
- 1808 - Franklin Twp.
- 1809 - Green Brook Twp.
- 1810 - Hillsborough Twp.
- 1811 - Marlville Bor.
- 1812 - Millstone Bor.
- 1813 - Montgomery Twp.
- 1814 - North Plainfield Bor.
- 1815 - Peapack-Gladstone Bor.
- 1816 - Raritan Bor.
- 1817 - Rocky Hill Bor.
- 1818 - Somerville Bor.
- 1819 - South Bound Brook Bor.
- 1820 - Warren Twp.
- 1821 - Watchung Bor.

SUSSEX COUNTY

- 1901 - Andover Bor.
- 1902 - Andover Twp.
- 1903 - Branchville Bor.
- 1904 - Byram Twp.
- 1905 - Frankford Twp.
- 1906 - Franklin Twp.
- 1907 - Fredon Twp.
- 1908 - Green Twp.
- 1909 - Hamburg Bor.
- 1910 - Hampton Twp.
- 1911 - Hardystown Twp.
- 1912 - Hopatcong Bor.
- 1913 - Lafayette Twp.
- 1914 - Montague Twp.
- 1915 - Newton Town
- 1916 - Ogdensburg Bor.
- 1917 - Sandyston Twp.
- 1918 - Sparta Twp.
- 1919 - Stanhope Bor.
- 1920 - Stillwell Twp.
- 1921 - Sussex Bor.
- 1922 - Vernon Twp.
- 1923 - Walpack Twp.
- 1924 - Wantage Twp.

UNION COUNTY

- 2001 - Belvidere Heights Twp.
- 2002 - Clark Twp.
- 2003 - Cranford Twp.
- 2004 - Elizabeth City
- 2005 - Fanwood Bor.
- 2006 - Garwood Bor.
- 2007 - Hillside Twp.
- 2008 - Kenilworth Bor.
- 2009 - Linden City
- 2010 - Mountainside Bor.
- 2011 - New Providence Bor.
- 2012 - Plainfield City
- 2013 - Rahway City
- 2014 - Roselle Bor.
- 2015 - Roselle Park Bor.
- 2016 - Scotch Plains
- 2017 - Springfield Twp.
- 2018 - Summit City
- 2019 - Union Twp.
- 2020 - Westfield Twp.
- 2021 - Winfield Twp.

WARREN COUNTY

- 2101 - Allamuchy Twp.
- 2102 - Alpha Bor.
- 2103 - Belvidere Town
- 2104 - Blairstown Twp.
- 2105 - Franklin Twp.
- 2106 - Frelinghuysen Twp.
- 2107 - Greenwich Twp.
- 2108 - Hackettstown Town
- 2109 - Hardwick Twp.
- 2110 - Harmony Twp.
- 2111 - Hope Twp.
- 2112 - Independence Twp.
- 2113 - Knowlton Twp.
- 2114 - Liberty Twp.
- 2115 - Lopatcong Twp.
- 2116 - Mansfield Twp.
- 2117 - Oxford Twp.
- 2118 - Pahaquarry Twp.
- 2119 - Phillipsburg Town
- 2120 - Pohatcong Twp.
- 2121 - Washington Twp.
- 2122 - Washington Twp.
- 2123 - White Twp.

Repeal and New Rule, R.1997 d.85, effective February 18, 1997.
 See: 28 N.J.R. 5030(a), 29 N.J.R. 551(a).

$$(a + (b \times c)) < (d \times c)$$

APPENDIX B

The Fund shall only approve modifications where the above formula applies.

AMORTIZATION FORMULA

The Fund shall evaluate the cost effectiveness of modifications to a residence and shall establish an amortization schedule based on information submitted to the Fund by the insurer. The insurer shall file with the Fund the information in categories (a) through (d) below. This information shall be accompanied by the documentation which supports the information in those categories. The factors which shall be considered by the Fund include:

2. The formula to determine the amount to be amortized monthly is as follows:

$$(d - b)/12 = e$$

3. The formula to determine the term of the amortization schedule is as follows:

$$a/e = f$$

The following examples demonstrate how the formulas shall be applied:

- (a) Cost of modifications;
- (b) Annual cost of home care, including but not limited to, nursing care, therapy, transportation for medical treatment and medical supplies;
- (c) Life expectancy of the injured person;
- (d) Annual cost of other residential care alternatives;
- (e) Monthly amount amortized; and
- (f) Term of amortization in months.

	Example One	Example Two	Example Three
Cost of Modifications	100,000	100,000	100,000
Annual Cost of Home Care	60,000	6,000	60,000
Life Expectancy of Injured Party	30	10	20
Annual Cost of Other Residential Care Alternatives	84,000	120,000	60,000
Cost Effective Formula			
Cost for Home Care	1,900,000	160,000	1,300,000
Cost for Alternative Care	2,520,000	1,200,000	1,200,000
Is Home Modification Cost Effective?	Yes	Yes	No
Amortization Schedule			
Amount Amortized Monthly	\$2,000	\$9,500	
Term of Amortization	50 months	11 months	

1. The formula which the Fund shall evaluate to determine the cost effectiveness of requested home modifications is as follows:

APPENDIX B

ITEM 1

UNSATISFIED CLAIM AND JUDGMENT FUND

INSTRUCTION SHEET

UCJF FILE NUMBER: _____

_____ Enter appearance for _____

_____ OBTAIN PROOF OF SERVICE ON ALL NAMED DEFENDANTS.

_____ Proceed with immediate discovery. Serve SPECIAL UCJF ELIGIBILITY INTERROGATORIES.

_____ Schedule depositions and/or
IME if indicated.

_____ Obtain conformed copy of
cancellation notice.

_____ Move to dismiss improper defendants:

_____ Commissioner of Insurance
_____ Director of Motor Vehicles
_____ UCJF

_____ PIP not payable: _____ LATE NOTICE
_____ OUT OF STATE VEHICLE
_____ COMMERCIAL VEHICLE
_____ OTHER

_____ Claimant ineligible, not a resident of New Jersey.

_____ Determine if carrier notified Taxi Commission of cancellation of policy

_____ NOTICE OF INTENTION not sufficiently complete to qualify as a timely filing.

_____ File CIB. _____ Obtain Police Report _____ Obtain Medical Reports

_____ Obtain signed statement of uninsured.

_____ Obtain settlement agreement. _____ Contract witness(es)

_____ Contact claimant's employer for possible health insurance coverage and Temporary Disability Benefits.

_____ Rule out vehicle ownership in household.

_____ Obtain the names, dates of birth and driver's license numbers of all household residents.

_____ Other: _____

APPENDIX B

ITEM 2

THIS FORM IS A FORMAT AND NOT TO BE USED
IN SUBMITTING REPORTS TO THE FUND

60 DAY REPORT

UCJ # _____ DATE _____

CLAIMANT: SS# _____ AGE _____

CLAIMANT'S ATTORNEY:

ELIGIBILITY OF CLAIMANT:

UNINSURED:

ASSIGNED ATTORNEY:

ASSIGNED ATTORNEY'S ACTIVITY:

DATE OF ACCIDENT: PLACE OF ACCIDENT:

ACCIDENT DESCRIPTION:

LIABILITY:

WITNESSES:

POLICE INVOLVEMENT:

INJURIES:

EXPENSES:

ADJUSTER'S RECOMMENDATION:

WORK TO BE DONE:

COMPANY/CARRIER

ADJUSTER

CLAIM #

PHONE #

**APPENDIX B
ITEM 3**

**THIS FORM IS A FORMAT AND NOT TO BE USED
IN SUBMITTING REPORTS TO THE FUND**

6 MONTH SUMMARY REPORT

UCJ # _____ DATE _____

SS# _____ AGE _____

CLAIMANT(S):

CLAIMANT(S) ATTORNEY:

UNINSURED:

ATTORNEY ASSIGNED:

COMPANY ASSIGNED: _____ CLAIM # _____

D/A: _____ TIME: _____ PLACE OF ACCIDENT: _____

SUIT: _____ COURT: _____ COUNTY: _____

ELIGIBILITY OF CLAIMANT(S):

DESCRIPTION OF ACCIDENT:

LIABILITY:

WITNESSES DESCRIPTION:

POLICE DESCRIPTION:

DESCRIPTION OF INJURIES:

UP TO DATE LIST OF MEDICAL EXPENSES:

CARRIER'S RECOMMENDATION:

ASSIGNED ATTORNEY'S RECOMMENDATION:

WORK TO BE DONE:

ADJUSTER _____

PHONE # _____

New Rule, R.1994 d.597, effective December 5, 1994.
See: 26 N.J.R. 2190(a), 26 N.J.R. 4772(a).

APPENDIX C

**UNSATISFIED CLAIM AND JUDGMENT FUND
RECOVERY CERTIFICATION**

Injured Party:

Date of Loss:

Carrier:

Carrier Claim Number:

EMB File Number:

Amount Requested: \$

I, _____, am the _____ of _____
(Name of Affiant) (Title) (Name of Insurer)

seeking reimbursement for Personal Injury Protection excess medical benefits paid by the Insurer on behalf of the above listed injured party. I hereby certify that I am authorized to file this certification on behalf of the insurer.

I further certify that this Insurer has not received, from any source, reimbursement, contribution, or indemnification of the PIP excess medical benefits paid by the Insurer on behalf of the above listed injured party and for which reimbursement is sought from the UCJF.

I further certify that this Insurer has either (i) prosecuted or is prosecuting an action, including by agreement or arbitration in matters subject to N.J.S.A. 39:6A-9.1, against all potentially responsible tortfeasors, or (ii) examined the documents and considered the factors set forth at N.J.A.C. 11:3-28.13(c), and determined not to prosecute an action.

I further certify that the forgoing statements are true and correct to the best of my information, knowledge and belief, and that the UCJF may rely on this Certification in determining to provide reimbursement of PIP excess medical expense benefit payments. I am also aware that if any of the foregoing statements made by me are false, the UCJF shall be entitled to discontinue reimbursements on this claim and recover any reimbursements already made to the insurer on this claim pursuant to N.J.A.C. 11:3-28.13(a)2.

_____	_____
Date	Signature
_____	_____
	Name and Title (print)
_____	_____
	Telephone Number

New Rule, R.2001 d.151, effective May 7, 2001.
See: 32 N.J.R. 3714(a), 33 N.J.R. 1389(a).

**SUBCHAPTER 28A. UNSATISFIED CLAIM AND
JUDGMENT FUND ASSESSMENTS**

Authority

N.J.S.A. 17:1-8.1, 17:1-15e and 39:6-61 et seq.

Source and Effective Date

R.1997 d.535, effective December 15, 1997.
See: 29 N.J.R. 4246(a), 29 N.J.R. 5309(a).

11:3-28A.1 Purpose and scope

(a) This subchapter sets forth the procedures for the assessment of insurers authorized or admitted to transact private passenger or commercial automobile liability insurance in this State pursuant to N.J.S.A. 39:6-63.

(b) This subchapter shall apply to all insurers authorized or admitted to transact private passenger or commercial automobile liability insurance in this State pursuant to N.J.S.A. 17:17-1 et seq. or 17:32-1 et seq., as applicable. This subchapter shall not apply to surplus lines insurers that are eligible to write business pursuant to N.J.S.A. 17:22-6.40 et seq.

11:3-28A.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(b) Underwriting rules shall be submitted on 8½ by 11 inch paper using one side of the page. Each page shall be consecutively numbered. The first page shall show the filer's company name, the filer's identifying number for this filing, National Association of Insurance Commissioners (NAIC) company number(s), and NAIC group number. The underwriting rules filing shall clearly identify the rate level to which the underwriting rules will be applied and whether the underwriting rules apply to new business, renewal business or both. All tables shall be clearly labeled.

(c) Underwriting rules shall meet the following standards:

1. No underwriting rule shall be based on the territory in which an insured resides.

2. An underwriting rule shall be based on a reasonable and demonstrable relationship between the risk characteristics of the driver(s) insured and the hazards insured against.

3. An underwriting rule shall be based on specific and verifiable measurements. No underwriting rule shall be based on subjective judgments such as "pride of ownership evident," "poor attitude," "unsatisfactory environment to conduct business," etc.

4. No underwriting rule shall be based on race, color, creed, national origin or ancestry.

5. No underwriting rule shall be based on whether the applicant or insured was previously insured as a non-standard or sub-standard risk, was previously insured by a residual market mechanism, or whether another insurer declined to insure or terminated insurance.

6. No underwriting rule shall be based on whether the insured or a member of the insured's household purchases or continues to purchase other insurance or services from the insurer or its affiliates, agents or other companies under common management or ownership, except that this provision shall not prohibit a rate discount.

7. No underwriting rule shall be based on the lawful occupation or profession of an insured, except that this provision shall not apply to any insurer which limits all its insureds to one lawful occupation or profession, or to several related lawful occupations or professions.

8. No underwriting rule shall be based on whether the insured has changed employment in the recent past, except that this provision shall not prohibit a rate discount to an insurer's employees or agents.

9. No underwriting rule shall be based on whether the insured is impaired by physical or mental disabilities except those disabilities that impair the ability to operate an automobile safely.

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

In (a), substituted "a tier in a tier rating plan in accordance with N.J.S.A. 17:29A-46.1 and 46.2" for "the standard or non-standard rating plan, in accordance with N.J.S.A. 17:29A-46".

11:3-35.4 Underwriting rules for eligible persons

(a) All insurers shall file for approval underwriting rules that provide that the insurer will make an offer to renew any of its insureds who is defined as an "eligible person" in N.J.A.C. 11:3-34.

(b) All insurers shall file for approval underwriting rules that provide that on or after April 1, 1992, the insurer shall not refuse to insure, refuse to renew or limit coverage available to any of its insureds, or to any applicant for insurance, which is defined as an "eligible person" in N.J.A.C. 11:3-34.

(c) An insurer may file for approval underwriting rules pursuant to which it will determine whether to insure any person not defined as an "eligible person" in N.J.A.C. 11:3-34.

(d) Underwriting rules for eligible persons applicable on and after April 1, 1992 shall not provide that coverage will be declined based on whether a member of the insured household is not an "eligible person" as defined in N.J.A.C. 11:3-34 unless the member of the insured household accounts for 10 percent or more of the use of the automobile insured or to be insured. For the purposes of this section:

1. Any driver who is the principal driver of an automobile shall be presumed not to account for 10 percent or more of the use of any other automobile in the household.

2. Except when there are more automobiles than drivers in the household, a person shall be presumed not to be the principal driver of more than one automobile.

(e) Insurers may file for approval underwriting rules by which it cancels coverage during the policy term under a policy insuring an eligible person pursuant to N.J.S.A. 17:29C-7(A)(b) when the driver's license or motor vehicle registration of another named insured or person insured under the policy who either resides in the same household or customarily operates an automobile insured under the policy has been suspended or revoked. The Department may approve such underwriting rules if they include the following provisions:

1. The underwriting rules provide for the cancellation of the policy when the driver's license or motor vehicle registration is suspended or revoked for one or more of the following reasons:

i. Conviction of operating a motor vehicle under the influence of alcohol or drugs (N.J.S.A. 39:4-50);

ii. Conviction of refusal to submit to a chemical test (N.J.S.A. 39:4-50.4);

iii. Conviction of vehicular homicide (N.J.S.A. 2C:11-2);

iv. Conviction of operating a motor vehicle while driving privilege is suspended (N.J.S.A. 39:3-40);

v. Conviction of operating a motor vehicle without liability insurance (N.J.S.A. 39:6C-2);

vi. Conviction of misrepresentation of insurance coverage (N.J.S.A. 39:6A-15);

vii. Accumulation of motor vehicle penalty points pursuant to N.J.S.A. 39:5-30.5; or

viii. By a court upon conviction of one of the following motor vehicle violations: racing on a highway (N.J.S.A. 39:5C-1); failure to pass to right of vehicle proceeding in opposite direction (N.J.S.A. 39:4-84); tailgating (N.J.S.A. 39:4-89); reckless driving (N.J.S.A. 39:4-96); exceeding a speed limit by 30 MPH or more (N.J.S.A. 39:4-99); improperly passing a school bus (N.J.S.A. 39:4-128.1); or leaving the scene of an accident in which personal injury occurred (N.J.S.A. 39:4-129).

2. The underwriting rules provide for the cancellation of the policy when:

i. A household member is convicted of a violation of N.J.S.A. 39:6B-2 during the policy term; or

ii. Other evidence exists indicating that the suspended or revoked driver has been operating a vehicle during a period of suspension as outlined in 1 above.

3. The underwriting rules provide that coverage for eligible persons shall not be cancelled when the driver's license or motor vehicle registration of another named insured or any other operator insured under the policy is suspended or revoked for any reason other than those set forth in (e)1 above.

(f) Insurers may file for approval underwriting rules by which it declines coverage for one policy period not to exceed one year to eligible persons who have been nonrenewed pursuant to N.J.S.A. 17:29C-7.1(b) and (c) and N.J.A.C. 11:3-8.5(a)2 and 3.

Amended by R.1996 d. 246, effective June 3, 1996.

See: 27 N.J.R. 2048(a) 28 N.J.R. 3002(b).

Added (e) and (f).

Administrative correction.

See: 28 N.J.R. 3798(a).

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

In (f), amended N.J.S.A. and N.J.A.C. references.

Case Notes

Insured who was otherwise eligible for automobile insurance in voluntary market could obtain coverage for vehicles registered to her notwithstanding her husband's license suspension. *Kwok v. First Trenton*, 95 N.J.A.R.2d (INS) 29.

11:3-35.5 Underwriting rules for standard/non-standard rating plans

(a) Insurers shall file underwriting rules applicable to each rate level of a rating plan in accordance with N.J.A.C. 11:3-19A, which filing shall be made in accordance with, and in satisfaction of, the requirements of this subchapter.

(b) Insurers shall file underwriting rules that provide that its insureds and applicants who have accrued no automobile insurance eligibility points shall be assigned to a standard tier.

(c) An insurer may file for approval underwriting rules pursuant to which it will determine whether to insure at its standard tier any person who has accrued one or more automobile insurance eligibility points.

(d) Underwriting rules for tier rating plans shall provide that an automobile insured at a higher than standard tier shall be rated based upon the eligibility points of the principal driver; eligibility points of other household members or customary operators may additionally be used to rate the automobile only if not used to rate any other automobile.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).
Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
Rewrote the section.

Case Notes

Insured who was otherwise eligible for automobile insurance in voluntary market could obtain coverage for vehicles registered to her notwithstanding her husband's license suspension. *Kwok v. First Trenton*, 95 N.J.A.R.2d (INS) 29.

11:3-35.6 Penalties

An insurer which knowingly fails to transact automobile insurance business consistently with its approved underwriting rules shall be subject to a fine of not less than \$500.00 for each violation, pursuant to N.J.S.A. 17:29A-46.1 and 46.2.

Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
Rewrote the section.

SUBCHAPTER 36. AUTOMOBILE PHYSICAL DAMAGE INSURANCE INSPECTION PROCEDURES

11:3-36.1 Purpose and scope

(a) The purpose of this subchapter is to provide rules for the inspection of automobiles in connection with the issuance of physical damage insurance coverage by insurers pursuant to N.J.S.A. 17:33B-33 through 17:33B-40.

(b) The provisions of this subchapter apply to all insurers which write private passenger automobile insurance in this State.

11:3-36.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Authorized representative” means any person which is authorized by the insurer to conduct insurance inspections pursuant to this subchapter; an authorized representative may be an employee of the insurer, a producer or an inspection service other than the insured, whether located inside or outside of this State.

“Automobile physical damage insurance” means a policy providing one or more of the following insurance coverages:

1. Collision;
2. Comprehensive; and
3. Fire and theft.

“Automobile physical damage insurance inspection” means a physical examination of an automobile by an authorized representative of the insurer, in accordance with the standards set forth in N.J.A.C. 11:3-36.6.

“Book of business” means all private passenger automobile insurance written by one producer with one insurer.

“Certificate of mailing” means a receipt from the United States Postal Service that the item was received by it with the proper postage affixed for delivery.

“Commissioner” means the Commissioner of Banking and Insurance of the State of New Jersey.

“Inspection service” means any person or legal entity other than the insurer, established and operated to perform the inspections required by this subchapter.

“Insured” means the named insured (as defined in the policy) or an applicant for automobile physical damage insurance.

“Insurer” means any person authorized to write automobile insurance in New Jersey, including any residual market mechanism, and includes a group of affiliated companies.

“New automobile” means an automobile not previously titled with not more than 1,000 miles recorded on the odometer.

“Nonowned automobile” means a private passenger automobile in the possession of the insured or being operated by the insured which is neither owned by nor furnished for the regular use of either the named insured or any relative (as defined in the policy), other than a temporary substitute automobile.

“Private passenger automobile” or “automobile” means a private passenger automobile of a private passenger or station wagon type that is owned or hired and is neither used as a public or livery conveyance for passengers nor rented to others with a driver; and a motor vehicle with a pickup body, a delivery sedan, a van, or a panel truck or a camper type vehicle used for recreational purposes owned by an individual or by husband and wife who are residents of the same household, not customarily used in the occupation, profession or business of the insured other than farming or ranching. An automobile owned by a farm family copartnership or corporation, which is principally garaged on a farm or ranch and otherwise meets the definitions contained in this section, shall be considered a private passenger automobile owned by two or more relatives resident in the same household.